

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2011-FEBRUARY 2012**

CBA Item VII.A.
March 22 - 23, 2012

EXAMINATION	December	January	February
CPA Examination Applications Received			
First-time Sitter	447	634	605
Repeat Sitter	1,908	1,091	1,351
CPA Examination Applications Processed			
First-time Sitter	488	523	677
Repeat Sitter	2,038	1,073	1,007
Processing Time Frames			
First-time Sitter	20	17	23
Repeat Sitter	6	6	7
INITIAL LICENSING			
CPA Licensure Applications Received			
CPA	317	363	259
Partnership	14	17	5
Corporation	17	38	20
Fictitious Name Permit (Registration)	14	34	17
Processing Time Frames			
CPA	14	20	14
Partnership	8	12	10
Corporation	8	12	10
Fictitious Name Permit (Registration)	8	12	10
Applicants Licensed Under			
Pathway 0	0	2	2
Pathway 1A	29	52	37
Pathway 1G	29	50	53
Pathway 2A	53	90	80
Pathway 2G	55	212	145

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RENEWAL AND CONTINUING COMPETENCY	December	January	February
Total Number of Licensees			
CPA	83,254	83,533	83,824
PA	129	125	124
Partnership	1,491	1,496	1,499
Corporation	3,851	3,872	3,877
Licenses Renewed			
CPA	2,928	3,561	3,484
PA	3	5	1
Partnership	64	76	71
Corporation	94	238	132
CE Worksheet Review			
CPA/PA Applications Reviewed	4,818	6,576	3,573
Deficient Applications Identified	477	1,027	267
Compliance Responses Received <i>(Including Requests for Inactive Status)</i>	385	491	10
Enforcement Referrals	2	3	0
Outstanding Deficiencies <i>(Including Abandonment)</i>	90	533	257
PRACTICE PRIVILEGE			
Notifications Received			
Hardcopy	70	120	76
Electronic	200	316	247
Disqualifying Conditions Received			
Approved	3	6	4
Denied	1	0	0
Pending	5	2	0
Practice Privilege Suspension Orders			
Notice of Intent to Suspend	5	10	3
Administrative Suspension Order	1	2	2

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2011-FEBRUARY 2012**

DIVISION ACTIVITIES

- The Examination Unit is continuing to make progress on conducting site visits at Prometric Testing Centers. In January, staff conducted five site visits, and in February CBA member Michael Savoy, CPA, assisted in performing two additional visits.
- In an effort to keep the dates for the CBA Open Houses in line with the CBA meetings, the Open House originally scheduled for February 16, 2012 at the CBA office in Sacramento was canceled. The faculty members staff had identified for inviting to the Sacramento-based Open House will be invited to the upcoming Open House scheduled for March 22, 2012.
- In preparation of the transition to BreEZe, the Renewal and Continuing Competency (RCC) Unit is in the process of reconciling data as it pertains to expired fictitious name permits. As part of this process, letters are being sent to licensees notifying them of the cancellation of their fictitious name permit, as well as, information regarding how to reapply for a new registration.
- The RCC Unit recently filled a fulltime Office Technician (OT) position and is recruiting to fill an OT-Retired Annuitant position and a seasonal position.

COMMITTEE NEWS

CPA Qualifications Committee

At the April 25, 2012 CPA Qualifications Committee (QC) meeting, members will continue the discussion related to the development of a training plan to be used 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. Discussions related to the development of a training plan will continue to take place at future QC meetings and CBA members will be kept apprised at future meetings.



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CBA Item VII.B.
March 22-23, 2012

Discussion and Possible Action on the International Delivery of the Uniform CPA Examination

Presented by: Dominic Franzella, Licensing Manager
Date: February 24, 2012

PURPOSE OF THE ITEM

Staff are providing additional information to the California Board of Accountancy (CBA) as it continues deliberations on whether to participate in the international delivery of the Uniform CPA Examination (iExam).

ACTION(S) NEEDED

The CBA is being asked to decide what steps, if any, it wishes to take regarding either participating in or opting out of iExam.

BACKGROUND

The CBA has discussed the topic of iExam since 2009, most recently at its July 2011 meeting. At that meeting, the CBA decided to monitor the initial launch of iExam and directed staff to report back to the CBA after six months.

To offer a fuller background and to assist the CBA in its continued discussions regarding iExam, staff has provided **Attachments #1-3** which are the prior three agenda items chronicling the CBA's deliberations. The four main concerns the CBA has expressed regarding iExam are security, enforcement, benefits to California consumers, and the National Association of State Boards of Accountancy's (NASBA) *International Informed Consent Agreement* related to obtaining licensure.

ADDITIONAL INFORMATION

In order to provide CBA members with a broader perspective, staff reached out to five state boards of accountancy and NASBA to get additional information regarding the implementation of iExam since its launch in August 2011. Three of the state boards of accountancy staff queried – Delaware, New Jersey, Maine – were selected because they opted out of participating in iExam; while the other two state boards of accountancy – Texas and New York – were selected because staff had prior contact with them in June 2011, to ascertain why each decided to participate in iExam.

Discussion and Possible Action on the International Delivery of the Uniform CPA Examination

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Of the three state boards of accountancy that opted out, staff received responses only from Delaware and Maine. The Delaware State Board of Accountancy indicated that it found no benefit in licensing international candidates who have no intention of living or working in Delaware. The Maine State Board of Accountancy indicated that it opted out at NASBA's request because Maine does not require accounting courses to sit for the CPA Exam. Maine indicated, however, that legislation is presently before its Legislature to establish a requirement that accounting courses be part of the prerequisite to sit for the CPA Exam. Provided the legislation is passed and signed by the governor, Maine plans to opt in to the iExam program.

Though New Jersey did not respond to staff's direct inquiry, through an inquiry to NASBA staff determined that New Jersey, similar to Maine, was requested by NASBA to opt out since it does not require accounting courses to sit for the CPA Exam. New Jersey is seeking to amend its requirements, and once completed plans to participate in iExam.

As for Texas and New York, staff inquired whether either state had been made aware of any security-related issues or had experienced any issues with NASBA's *International Informed Consent Agreement*. Staff only received a response from Texas that indicated it has not been made aware of any security-related issues, nor has it experienced any issues with NASBA's *International Informed Consent Agreement*.

Additionally, for NASBA, staff sent a series of 10 questions to NASBA requesting information on a range of topics from the volume of candidates and Uniform CPA Examination sections administered, to security-related issues. **Attachment #4** documents the responses staff received.

COMMENTS

As noted earlier, one of the main concerns the CBA has expressed regarding iExam is potential security-related issues. As reflected in NASBA's response to Question #5 on **Attachment #4**, it indicates that no security issues have yet occurred.

The CBA has the following three options related to iExam: 1 – Direct staff to explore next steps for participating, 2 – Opt out, 3 – Continue to monitor the evolution.

Direct Staff to Explore Next Steps for Participating

If after deliberations the CBA is comfortable with the present direction of the iExam program, it could direct staff to evaluate what the next steps would be to participate in iExam. As reported at previous meetings, staff will work with legal counsel to research how to resolve the issues with the language in NASBA's *International Informed Consent Agreement*, including those that appear to conflict with the contract the CBA maintains with NASBA. Additionally, staff will review the Accountancy Act and CBA Regulations to determine if any modifications are necessary.

Discussion and Possible Action on the International Delivery of the Uniform CPA Examination

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Opt Out

If the CBA elects to opt out of the iExam program, one issue it may wish to consider is the transfer of exam grades from candidates that test at international locations. The Committee on Professional Conduct briefly discussed this topic at its May 2011 meeting. As noted in the May 5, 2011 memorandum (**Attachment #2**), CBA Regulation Section 6 requires that candidates for CPA licensure must pass the Uniform CPA Examination prepared by the AICPA. The regulation does not distinguish between candidates that take the Uniform CPA Examination nationally or internationally. Therefore, the CBA has no authority to deny the transfer of exam scores earned via the iExam program.

Business and Professions (B&P) Code Section 5082, however, states, in part, that candidates for CPA licensure must “have successfully passed an examination...in the form and *manner* that the [B]oard deems appropriate” (emphasis added). The word “manner” appears to provide the CBA with authority, via regulation, to deny the transfer of candidates’ examination section grades earned at international locations. Additionally, underpinning the CBA’s authority to establish such a regulation is B&P Code Section 5000.1, which states that the CBA’s highest priority is the protection of the public. If the CBA believes iExam to be a threat to the security of the Uniform CPA Examination, and thus a threat to meeting this agency’s public protection mandate, B&P Code Section 5000.1 further supports denying scores earned at international locations.

If the CBA continues to have concerns regarding iExam, especially as it relates to security, then the CBA may wish to direct staff to develop a regulation that will provide authority to deny examination grades earned via iExam.

Continue to Monitor Evolution

Rather than opting out of the program, the CBA could continue to monitor the evolution of iExam, and direct staff to report back at a future date. If the CBA elects this option, staff request that the CBA identify those issues surrounding the iExam program that it would like researched further and the future CBA meeting at which members would like to continue deliberations on iExam.

RECOMMENDATION

Staff has no recommendation regarding this topic.

ATTACHMENTS

1. March 17, 2011 Memorandum on iExam
2. May 5, 2011 Memorandum on iExam
3. July 7, 2011 Memorandum on iExam
4. NASBA’s Responses Regarding iExam

Memorandum

CBA Agenda Item V.C.
March 24–25, 2011

Attachment #1

To : CBA Members

Date : March 17, 2011

Telephone : (916) 561-1754

Facsimile : (916) 263-3676

E-mail : lwalker@cba.ca.gov

From : Liza Walker, Manager
Examination Unit

Subject : International Delivery of the Uniform CPA Examination

The California Board of Accountancy (CBA) has considered the international delivery of the Uniform CPA Examination (iExam) over the past eighteen months, most recently at the January 2011 CBA meeting. Over this time staff, the National Association of State Boards of Accountancy (NASBA) and American Institute of Certified Public Accountants (AICPA) have provided various materials for members' consideration.

On October 17, 2010, NASBA, in conjunction with the AICPA and Prometric, issued a press release announcing that the Uniform CPA Examination (CPA Exam) "will be offered outside the 55 U.S. jurisdictions for the first time in its history in 2011...The international exam will be the same as the one offered in the U.S., using the same computerized format and administered in English. As in the U.S., the purpose of taking the examination will be to qualify for licensure as a CPA through U.S. state boards of accountancy."

Provided below is information to assist members in their deliberations to determine whether the CBA wishes to participate in iExam.

Background

At the July 24, 2009 CBA meeting, Ken L. Bishop, Senior Vice President of NASBA, and Craig N. Mills, Vice President of the AICPA, chronicled the evolution of the idea of iExam and presented their implementation model (**Attachment 1**).

Currently, the CPA Exam is administered only at Prometric testing centers in the United States, District of Columbia, Guam, Puerto Rico, and the Virgin Islands. California candidates are allowed to take the CPA exam at any of these Prometric testing centers. Further, California has one of the largest populations of international candidates. International candidates are required to travel to one of the above-listed locations in order to sit for the CPA Exam.

NASBA began researching the possibility of allowing candidates in international locations to sit for the CPA exam in their home countries approximately five years ago, at the request of several state boards of accountancy. At that time, a committee comprised of volunteers from NASBA, AICPA and Prometric was created to determine feasibility. The initial rationale for allowing international candidates to sit in their home country was merely a matter of convenience for the candidate. At that time, the risks associated with delivering the exam internationally outweighed the need for providing convenience.

In the past five years, the global economy has changed dramatically. Many organizations have a nexus to international locations which require CPAs to be stationed on the ground worldwide to accommodate those business relationships. What was considered a matter of convenience five years ago has developed into a necessity and, therefore, changed the impetus for moving forward with the proposal for the international delivery of the CPA Exam.

NASBA/AICPA's Plan

The committee of NASBA, AICPA and Prometric designed an implementation plan to benefit domestic candidates and increase the influence of the U.S. CPA designation throughout the world.

Key elements of the plan are:

- Eligibility is based on state requirements.
- Candidates still apply through state boards.
- Candidates sign NASBA's "informed consent," including a commitment to obtain licensure and adhere to certain security policies, prior to being approved to sit for the exam.
- Outreach to employers concerning the advantages of licensure.
- NASBA will maintain a centralized database, possibly with a link to the Accountancy Licensee Database, of all international licensees and their license status.
- Candidates commit to a code of ethics, a system of discipline, CPE and lifelong learning at the time that they pay the additional fee to NASBA to take the CPA Exam at an international location.
- Candidates agree that all information, including license status and disciplinary actions, can be provided to NASBA and AICPA.
- Scores are "archived" or made inactive by NASBA if the candidate who sits internationally does not achieve or maintain a U.S. CPA license.
- Uniform passing letter for all participating states.
- States authorize NASBA and AICPA to cancel scores of questionable validity.
- Candidate agrees to jurisdiction of state and/or binding arbitration of disputes.

Provided below are issues and concerns discussed by CBA members related to iExam. Some issues have previously been deliberated, but are included for

reference purposes to consider during member deliberations on whether to participate in the iExam program.

Security of the CPA Exam Administered Internationally

At the request of former CBA Member Robert Petersen at the July 2010 meeting, staff contacted Mr. Bishop to obtain a status update on the iExam project. Following two e-mail communications, a letter was sent to Mr. Bishop requesting clarification on several topics related to iExam and requesting a representative from NASBA to provide an update and answer any further questions members may have regarding the project (**Attachment 2**). Mr. Bishop accepted the invitation to attend the September 2010 CBA meeting and provided an update on iExam and responded to questions included in Attachment 2.

In response to staff's query regarding the specific security measures in place to protect the exam, Mr. Bishop explained that security is of the up-most importance and that several measures have been taken to ensure the security of the CPA Exam. He pointed out that the pilot foreign countries selected for administration of the iExam rated high in the international standards used to measure the safety and testing environments. He added that reviewing scoring trends and pass rates, in addition to continual monitoring of blogs, will take place to detect any indications of cheating.

Mr. Bishop explained that the CPA Exam is an aggressive modified adaptive exam. This means that a candidate who is trying to harvest questions and who is not actually prepared to take the CPA Exam will never see the high value questions due to being unsuccessful at the lower level questions. In addition, security measures such as shorter testing windows, doubling the number of available test questions, and segregating questions used on domestic versus international exams will be utilized.

A March 2011 International Testing FAQs document states that the countries were chosen based on the following criteria:

1. Volume demand as demonstrated by candidates from those countries taking the CPA Exam in the United States;
2. Ability to deliver the CPA Exam without legal obligations;
3. Security threat to the CPA Exam (both physical security at test center and intellectual property security of Exam content) assessed at levels equivalent to those presented domestically; and
4. Existence of established Prometric test centers. It should be noted that Prometric offers examination services in over 160 countries at 7,500 locations.

Enforcement

The CBA has previously expressed concerns about enforcement activities in foreign countries. Both the Accountancy Act and California Business and Professional Code currently contain several sections of law that gives the CBA the authority to

deny an application to take the licensing examination, deny admission to current and future licensing examinations, void examination grades, and deny an application for a license for the following acts:

1. If an individual made a false, fraudulent, or materially misleading statement or a material omission in any application for a license, examination, or registration.
2. Cheated or subverted or attempted to subvert any licensing examination.
3. Aided, abetted, or conspired with any other person to violate paragraph (1) or (2).
4. Any act that if committed by an applicant for licensure would be grounds for denial of a license or registration under Section 480 or if committed by a licensee or a registrant would be grounds for discipline under Section 5100.
5. Any act committed outside of this state that would be a violation of this article if committed within this state.

NASBA clarified that licensing international candidates would not give them practice privileges in their home countries. However, it would allow U.S. companies that have engagements in foreign countries that are incidental to U.S. engagements to utilize U.S. CPAs on the ground in those countries. In these instances, the state where that CPA is licensed would have jurisdiction over that engagement.

In addition, NASBA believes that the likelihood of increased enforcement would be minimal. The majority of international licensees would not be signing audits, but rather working in business and industry. Therefore, the majority of enforcement would be compliance with licensure requirements.

Presently there are California licensed CPAs living outside of the state and country. If a complaint is filed against a licensee the same process and procedures would be utilized in taking enforcement action against that licensee regardless of where they took the CPA Exam.

NASBA Licensure Commitment Requirement

Candidates electing to take the CPA Exam in an international location will be required to seek licensure within three years of passing the exam. Otherwise, scores obtained on the CPA Exam will be archived and not available to the candidate. When discussing CBA participation in the iExam program, the items below should be taken into consideration as possible licensure impediments to candidates taking the CPA Exam internationally.

U.S. Social Security Number Requirement

Pursuant to Section 30(a) of the California Business and Professions Code, "Notwithstanding any other provision of law, any board, as defined in Section 22, and the State Bar and the Department of Real Estate shall at the time of issuance of the license require that the licensee provide its federal employer identification number, if the licensee is a partnership, or his or her social security number for all others."

Although an applicant may take the CPA Exam without having a U.S. Social Security Number, this provision of law prohibits California from issuing a license to an individual who does not possess a U.S. Social Security Number. According to the Social Security Administration, to apply for a Social Security number to work in the United States, an applicant must show current immigration documents with work authorization. Therefore, the CBA would be prohibited from issuing a license to an individual who is unable to provide a U.S. Social Security Number.

Verification of Experience

A provision within the CBA Regulations requires that all applicants with foreign attest work experience appear at a Qualifications Committee (QC) Meeting. Typically QC meetings are held four times a year in California. It is presumed that most international candidates would be subject to this requirement. Regardless of whether the CBA agrees to participate in the iExam program, international applicants for licensure would still be required to have their foreign attest workpapers reviewed by the QC.

Benefits of iExam

The CBA questioned how having California licensed CPAs in foreign countries would benefit the consumers of California. NASBA responded that in some countries there is no designation or certificate to demonstrate competency in areas such as preparing financial reports. The only way for these individuals to demonstrate they have mastered these skills is to pass the CPA Exam. This benefits Californians by increasing the quality of financial statements and reports used by California business and industry, but prepared in foreign countries.

Other possible benefits of iExam include:

- Potential reduction in cost of the domestic exam program.
- Improvement to AICPA and NASBA infrastructure.
- Increased public protection of the CPA designation.
- Growth of the influence of the U.S. CPA designation internationally.
- Licensure allows candidates to access the U.S. profession as a community and a resource.
- Allowing foreign students who completed their studies in the U.S. to return to their home country to take the CPA Exam and become a U.S. CPA licensee.

It is expected that the state-based licensure process will drive increased licensure rates, resulting in reduced exam fees for domestic candidates. Further, it is in the interest of the U.S. CPA and the American public for the U.S. CPA designation to be one of the most influential in the world. The public will benefit from more candidates becoming licensed and committing to lifelong learning and a system of discipline. Further, it is anticipated that fewer candidates who pass the exam will hold themselves out as a CPA without a license.

Next Steps of the iExam Program by NASBA/AICPA

iExam will initially be offered in Japan, Bahrain, Kuwait, Lebanon and the United Arab Emirates. NASBA will begin registration for the iExam beginning in May 2011, with the first administration of iExam in August 2011. NASBA hopes to make available to candidates a list of participating state boards in April 2011.

Initially iExam will be offered during a one month testing window. After the initial administration in August 2011, future testing months during which the exam will be administered internationally will be November 2011 and February and May 2012.

Candidates who sit for the CPA Exam internationally will be required to pay a surcharge of between \$150 to \$200 dollars, in addition to the state board's application fee and NASBA's test section fees. The purpose of the administrative fee is to ensure international administration of the CPA Exam will not impact or increase fees for domestic candidates.

According to a press release dated March 1, 2011, issued jointly by the AICPA, NASBA, and Prometric, testing in the new international locations will only be open to "citizens and long-term residents of the countries in which the exam is being administered. In the Middle East, citizens of Egypt, Jordan, Oman, Qatar and Saudi Arabia may take the exam in one of the Middle East locations. U.S. citizens living abroad are eligible to test at any location."

To date, the Washington State Board of Accountancy has affirmatively agreed to participate in the iExam Program. NASBA anticipates that by April 1, 2011, Colorado, Delaware, Illinois, Massachusetts, New Hampshire, and Texas state boards will also agree to participate in iExam.

As mentioned above, NASBA hopes to compile a list of participating state boards next month. Following the March 2011 meeting, staff will prepare a letter detailing the CBA decision as to whether or not we intend to participate in the International CPA Examination Administration program.

I will be available at the meeting to answer any questions you may have.

Memorandum

CPC Agenda Item II
May 19, 2011

CBA Agenda Item XI.B.3.
May 19-20, 2011

Attachment #2

To : CPC Members
CBA Members

Date : May 5, 2011

Telephone : (916) 561-1754

Facsimile : (916) 263-3676

E-mail : lwalker@cba.ca.gov

From : Liza Walker, Manager
Examination Unit

Subject : Further Discussion on International Delivery of the Uniform CPA Examination

Beginning in August 2011, candidates who qualify through a participating state board of accountancy will be allowed to schedule their Uniform CPA Examination (CPA Exam) at select international locations, which is being referred to as iExam. Initially, the CPA Exam will be offered at selected Prometric testing centers in Bahrain, Kuwait, Japan, Lebanon, and the United Arab Emirates.

The California Board of Accountancy (CBA) has considered iExam over the past eighteen months, most recently at the March 2011 CBA meeting. Over this time, the National Association of State Boards of Accountancy (NASBA) and American Institute of Certified Public Accountants (AICPA) have provided various materials for members' consideration.

At the March meeting, members requested that staff obtain further information regarding security, grading related to iExam, acceptance of scores obtained internationally, and NASBA's Candidate Informed Consent. Provided below is information to assist members in their deliberations to determine whether the CBA wishes to participate in iExam.

Security of the CPA Exam Administered Internationally

CBA members have voiced concerns regarding the security of the iExam. As previously reported, per Ken Bishop of NASBA the pilot foreign countries selected for administration of the iExam rated high in the international standards used to measure the safety and testing environments. He added that reviewing scoring trends and pass rates, in addition to continual monitoring of blogs, will take place to detect any indications of cheating.

Mr. Bishop explained that the CPA Exam is an aggressive modified adaptive exam. This means that a candidate who is trying to harvest questions and who is not actually prepared to take the CPA Exam will never see the high value questions due to being unsuccessful at the lower level questions. In addition, security measures such as shorter testing windows, doubling the number of available test questions, and segregating questions used on domestic versus international exams will be utilized.

Qualified candidates requesting to take the CPA Exam in one of the approved international locations must:

- Agree and sign the Candidate Informed Consent.
- Provide additional demographic information.
- Pay additional fees.
- Meet additional citizenship and/or residency requirements.

As an additional security measure, only U.S. citizens and permanent residents living abroad, and citizens and long-term residents of the countries in which the CPA Exam will be administered may sit for the exam. According to NASBA, citizenship and residency requirements, and the integrity of certain kinds of proof of identification, provide a needed layer of security.

Below are current NASBA guidelines regarding who may sit for the CPA Exam internationally:

Japan

Eligible candidates U.S. citizens, citizens of Japan, and long-term residents

Identification required Passport for citizens, passport plus valid Japanese identification providing proof of residence for non-citizens

Bahrain, Kuwait, Lebanon, and the United Arab Emirates

Eligible candidates U.S. citizens, citizens and long-term residents of these four testing countries, citizens and long-term residents of Egypt, Oman, Qatar, and Saudi Arabia

Identification required Passport for citizens, passport plus valid identification providing proof of residency for non-citizens

In addition to residency requirements and having acceptable identification, candidates taking the CPA Exam internationally will still be required to provide their Notice to Schedule, complete a biometric check-in (fingerprint), and the testing areas will still be subject to digital recording. These security requirements are also required of domestic candidates.

Location of Scoring and Acceptance of CPA Exam Scores Obtained Internationally

At the March meeting members asked staff to find out where the scoring will take place for an exam taken internationally. According to NASBA, the results file will be transmitted electronically and scored by the AICPA Exam Team in New Jersey, similar to the process for candidates who take the CPA Exam domestically.

As mentioned at the March 2011 CBA meeting, NASBA anticipated that several boards intended to participate in the iExam Program. On May 3, 2011, NASBA released the list of the participating jurisdictions (**Attachment 1**). To date, 38 of the 54 jurisdictions are participating in the iExam Program.

At the March CBA meeting, members also asked staff to research whether the CBA had the authority to deny scores obtained through the iExam Program from an out-of-state licensure candidate or candidate transferring exam scores.

Section 6 of the CBA Regulations currently states that, "every candidate for the CPA license is required to pass... the Uniform CPA Examination prepared by the AICPA." Regardless of where the AICPA is planning on administering the CPA Exam, Section 6 would currently require us to accept those exam grades.

However, Business and Professions (B&P) Code Section 5082 states that a candidate for a license must "have successfully passed an examination... in the form and manner that the board deems appropriate." The word "manner" would probably give the CBA sufficient authority to put into regulation that the exam must be taken in one of the 54 jurisdictions. Additionally, B&P Code Section 5000.1 states that protection of the public shall be the highest priority of the CBA. If the CBA deems that the CPA Exam administered internationally to be a threat to the security of the public, it would further support changing the manner in which the CBA accepts passage of the examination, including denial of foreign exam grades.

Therefore, Section 6, which as previously noted states "every candidate for the CPA license is required to pass... the Uniform CPA Examination prepared by the AICPA" could be amended to state that "every candidate for the CPA license is required to pass... the Uniform CPA Examination prepared by the AICPA *and the exam must be taken and passed at a testing center domestically.*" The CBA would use the previously mentioned statutes as authority for the amendment, and would include justification for the basis to deny accepting scores completed abroad.

NASBA's Informed Consent

Based upon a preliminary review by Legal Counsel, there appears to be several items in NASBA's Informed Consent that are in conflict with California law. Staff has been in communication with NASBA alerting them of this. However, before directing resources to research how to resolve the issues identified by Legal Counsel, staff is waiting for direction from CBA members as to whether California is going to participate in the iExam Program.

I will be available at the meeting to answer any questions you may have.

Memorandum

CBA Agenda Item.VIII.B.
July 21, 2011

Attachment #3

To : CBA Members

Date : July 7, 2011

Telephone : (916) 561-1740

Facsimile : (916) 263-3676

E-mail : dpearce@cba.ca.gov

From : Deanne Pearce, Chief
Licensing Division

Subject : Further Discussion and Action on International Delivery of the Uniform CPA
Examination

Beginning in August 2011, candidates who qualify through a participating state board of accountancy will be allowed to schedule their Uniform CPA Examination (CPA Exam) at select international locations, which is being referred to as iExam. Initially, the CPA Exam will be offered at selected Prometric testing centers in Bahrain, Kuwait, Japan, Lebanon, and the United Arab Emirates. To date, 40 of the 54 jurisdictions are participating in the iExam Program. Of the remaining jurisdictions, three have currently opted out of participating in the iExam Program – Delaware, Maine and New Jersey.

The California Board of Accountancy (CBA) deliberated on iExam at the May 2011 CBA meeting. At that meeting, members requested that staff contact the Texas State Board of Public Accountancy and New York State Board for Public Accountancy to inquire of their deliberations related to participating in the iExam Program. Specifically, staff summarized CBA member concerns and sought insight into whether their members shared the same concerns, and if so, how those concerns were resolved.

Provided below are the CBA member concerns staff communicated and the responses from the two state boards:

CBA Concern – Security of the CPA Exam

Concerns were raised regarding whether international testing sites would utilize similar security measures as those for domestic locations, including the level of scrutiny in ensuring proper identification of examinees, etc. Security and integrity is of the utmost importance to the CBA. Failure to ensure the security of the examination could have an impact on consumer protection – both within and outside of the State of California.

New York Response

As past Chair of NASBA's CBT Administration Committee and current co-Chair of NASBA's CPA Examination and Administration Committee, I have participated in several meetings and conferences calls during which the iExam was

discussed. It is my understanding, based on those discussions, that international Prometric sites utilize the same security measures as domestic Prometric sites. It is also my understanding that NASBA and AICPA staff have visited Prometric exam sites in Japan and the Middle East to verify that Prometric security protocols are being followed in accordance with the iExam contract. I also recently learned that NASBA's Exam Review Board (ERB), a committee established to review, evaluate and report to the state boards of accountancy on the appropriateness of the policies and procedures used in the preparation, grading and administration of the Uniform CPA Examination, will be visiting the international exam sites as independent auditors to verify compliance with the security measures.

Texas Response

We are not concerned that international locations pose any greater threat to exam security than domestic sites. We do appreciate that the challenges to the exam security may be different but those challenges are being met by the three-party exam team. The international Prometric sites utilize the exact same security measures as those of domestic sites. NASBA and AICPA staff have visited the exam sites in Japan and the Middle East to verify the security protocols are being followed as per the contract. The Exam Review Board will also be visiting the international sites as auditors to verify the compliance to the contract.

CBA Concern – Acceptance of Out-of-State Scores

The CBA has concerns regarding the acceptance of scores from out-of-states candidates who took the CPA Exam internationally, given the questionable level of assurance that the CPA Exam is secure.

New York Response

This concern is valid only if one concludes that the security measures deployed at international exam sites is lower than the security deployed at domestic exam sites, however, this is not the case. For several years, AICPA and NASBA staff have considered and assessed the security risks associated with administering the Uniform CPA Examination in foreign countries. The launch of the international administration of the exam is limited to only those countries that have been deemed to present a secure environment to administer the exam. It is my understanding that the AICPA and NASBA will be implementing additional protocols to review testing behavior and demographic data to maintain a secure and reliable testing environment.

Texas Response

Given the terms under which iXam candidates are qualified to sit for the exam, we do not anticipate any issues in regards to score transfers. The scores of international candidates will be given significant additional scrutiny and review by the AICPA. The testing window for international delivery is one month (vs. two months) to give the psychometric team an additional month to review international testing behavior. Additionally, NASBA is collecting enhanced

demographic data on international candidates to ascertain migration patterns, education and exam prep courses used, and ultimate activity such as licensure. Any score or testing activity that is abnormal will be held until considered safe and reliable. Out of state candidates who take the CPA Examination internationally will arguable have the most reliable scores and evaluated processes.

CBA Concern – NASBA’s Candidate Informed Consent

After a preliminary review of NASBA’s Candidate Informed Consent, there are conflicts with California law, potential issues with the CBA/NASBA contract for administration of the CPA Exam, requirements for licensure that may exceed California’s statutory authority and other issues that will need further legal review.

New York Response

NASBA’s Candidate Informed Consent does not appear to violate New York State Education Law or the Regulations of the Commissioner of Education as they apply to the administration of the Uniform CPA Examination.

Texas Response

The issue concerning the Candidate Informed Consent is a non-issue for the TSBPA. The exam scores belong to the states and the states are free to maintain those scores as they see fit. The maintenance of a list of successful iXam candidates by NASBA in no way undermines a state’s authority to license a candidate whenever that individual applies and has proof of having met state requirements for licensure. All candidates, including international candidates, continue to have the same examination rights and privileges. The ability to sit internationally is a special privilege that requires extra scrutiny as implied by your above questions. If a candidate does not want to provide the extra demographic information or agree to the preconditions, they are still able to sit for the examination in a domestic center. This is not unprecedented. Domestic candidates have, for the past 5 years, been able to provide additional information and pay an additional fee to sit in Guam. Encouraging licensure within 3 years is preferable to allowing candidates to assume that merely passing the iXam completes the process.

Provided for members review are the CBA agenda items that were deliberated at the March and May 2011 CBA meetings (**Attachments 1 and 2**). Attachments 1 and 2 provide background related to iExam and information that was gathered by staff in response to prior member deliberations.

Depending upon the outcome of member deliberations as to whether California is going to participate in the iExam Program, staff will work with Legal Counsel to research how to resolve the issues with the language in NASBA’s Candidate Informed Consent that appear to be in conflict with California law.

I will be available at the meeting to answer any questions you may have.

NASBA Responses Regarding iExam

1. Number of individuals that have applied via IExam.

Candidates have applied to take a total of 6,210 sections between May 2011 and February 2012.

This breaks down as follows:

Japan 3,664

Middle East 2,545

Brazil 1

2. Which jurisdiction has received the highest volume of international candidates?

New Hampshire has received the highest volume of international candidates.

3. Number of CPA Exam sections administered via international testing locations.

3,070 sections were administered in the 3rd & 4th quarters of 2011. A chart providing section and test center detail is attached to this document.

4. Which international testing location has administered the highest volume of CPA Exam sections?

The Japanese test center, Tokyo Kayabacho administered 579 sections, which was the highest volume in 2011.

5. Has NASBA or Prometric experienced any security or candidate care issues for IExam?

There have not been any security issues. On the first day of testing several candidates in Japan arrived at the test centers without passports, offering only their drivers' licenses as primary identification. They were not allowed to test and a detailed explanation of proper id requirements had been provided to candidates. The NTS was updated and an email blast was sent to candidates who signed up to test internationally to remind them of the requirement to provide a passport as primary identification. The only issues reported by candidates testing at international locations were those commonly reported by domestic candidates.

6. Please provide any additional statistics NASBA is presently collecting regarding IExam.

A copy of the Uniform CPA Examination Statistical Questionnaire is attached to this document.

7. We understand that the testing window for international delivery is only one month (versus the standard two months), which is designed to give the psychometric team an additional month to review international testing behavior. Has NASBA begun receiving any results from the psychometric team?

To clarify, the choice to deliver the exam in international locations for one month of each test window was not done to give the psychometric team additional time. NASBA and the AICPA wanted to take a conservative approach during the pilot and the schedule was designed to accommodate projected volumes. At this time, we are achieving desired service levels based on actual testing volumes. NASBA has received, processed and released score results and can provide passing rates on International testing. We can provide volumes and pass rates by country and region.

8. It appears that 41 jurisdictions have decided to participate in IExam. Of the 14 remaining jurisdictions, we understand that Delaware, Maine, and New Jersey have opted out of participating in IExam. Have any additional jurisdictions notified NASBA that they are opting out of IExam?

Forty Two states have opted-in; Alabama has a citizenship requirement and asked that we not publish their information on the list available to the public. Since implementation, only Delaware and New Jersey were removed from the original list. CNMI does not currently offer the exam and of the remaining twelve states, all notified us that they would not opt in prior to the launch. NASBA requested that Maine and New Jersey opt-out due to the fact that their current education rules do not require accounting coursework. Both boards are working on changing these rules and will opt-in once the new rules are in place. Delaware's rules will change On August 1, 2012, all first-time and re-examination candidates must meet the new requirements. No one will be accepted after August 1, 2012 with an Associate Degree and/or twenty one semester hours in accounting. Also, first-time and re-examination candidates must have 150 semester hours in general education which must include twenty four semester hours in accounting including courses covering the following subjects: Financial Accounting, Auditing and U.S. Taxation. Delaware has not advised if they will reconsider opting-in to test internationally.

9. In October 2011, we received notice that international administration of the CPA Exam will be offered in Brazil, bringing the total number of international locations to seven. At present, is NASBA (along with the Prometric and the AICPA) planning on adding any additional international testing locations over the next year?

Testing in Saudi Arabia and Egypt will begin in May 2012. No other international testing locations (countries) are planned at this time. We have received inquiries from representatives in Guyana and Ethiopia requesting the test be administered in their respective countries. No action has been taken at this time.

10. Given that state boards of accountancy will be unable to perform site visits of the Prometric testing centers, what are NASBA's plans for performing site visits? Have any already been performed; does NASBA have a schedule or frequency with which it will perform the site visits?

Toerein Dewitt is the Director of the Examination Review Board (ERB). His response to your query is included below:

The ERB views the international delivery of the CPA examination as an extension of the domestic exam. We include the international delivery, along with all the international test centers, as part of our overall scope in expressing assurance to the boards of accountancy that they may rely on the CPA examination in licensing their candidates.

We continually evaluate risks, including security risks, in formulating our audit approach and we adjust our procedures accordingly.

In 2011 we physically visited the following international test centers:

- All 3 Japanese test centers*
- Dubai*
- Abu Dhabi*
- Beirut*

In addition to physically visiting the above sites we performed DVR reviews of the international test centers on a test basis. We also considered the results of all secret shop visits at those locations and the Prometric TOM audits (Prometric management audits).

Ken Bishop also visited many of these centers in 2011, and his management report provides us further comfort about the sites.

We are in the process of completing our 2011 review and our report will be made available at the NASBA regional meetings in June.

In 2012 we will again include the international test centers in our overall scope. Our plans to test the international centers will be based on our risk analysis.

Please let me know if NASBA or the State Boards have any specific requests regarding the international locations. We will consider your views in our approach.

Please feel free to refer the boards to us if they have any questions about the work we perform.

Test Centers	Exam Sections				Total
	AUD	BEC	FAR	REG	
Tokyo Kayabacho	135	149	163	132	579
Dubai	162	117	144	104	527
Tokyo	128	116	154	104	502
Kangawa	97	89	111	67	364
Beirut	99	74	88	59	320
Osaka	48	58	67	60	233
Abu Dhabi	57	51	47	38	193
Manama	53	35	41	29	158
Kuwait City	36	26	40	20	122
Osaka	20	13	19	20	72
Total	835	728	874	633	3070

Uniform CPA Examination Statistical Questionnaire

*Indicates required field

*First Name

*Last Name

City

State/Province

Zip Code

Country

E-mail Address

*Date of Birth

mm/dd/yyyy

*State Code

(The two letter abbreviation for the state in which you are an examination candidate)

Select State...

Ethnicity - Select Primary (Optional):

Gender (Optional):

Indicate any degrees you have earned - Check all that apply:

None

Associate's

Bachelor's

Master's (Accounting or Taxation)

Master's (Non-Business)

MBA (emphasis in Accounting)

MBA (other)

Law

Doctorate's (Ph.D, DBA, Ed.D, etc.)

*Indicate the total number of graduate and undergraduate semester credits you have earned (or are expecting to earn) in all subjects:

*When did you decide to study accounting?

*Indicate the total number of semester hours in accounting you have earned (or expect to earn). (Exclude business law.)

*Of the semester hour total in accounting, how many hours were earned in a community college?

*Indicate your overall undergraduate grade point average (GPA):

*Indicate your grade point average (GPA) in accounting related courses:

*Indicate the date you completed your last accounting course:

*How much work experience, in months, do you have in accounting or accounting related fields?

*Did you receive your accounting education at a foreign institution?

If you are planning to sit for the Uniform CPA Examination in an international location, please answer the following.

*In which country do you currently reside?

*Indicate your primary country of citizenship?:

*In which country did you earn your degree?

*Is English your primary language?

*Indicate your primary foreign accounting designation:

*If applicable, provide the name of the most recent course provider you've used:

**CALIFORNIA BOARD OF ACCOUNTANCY
CASE ACTIVITY and AGING REPORT
February 1, 2011 - January 31, 2012**

CBA ITEM VIII.A
MARCH 22-23, 2012

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
COMPLAINTS												
Received	68	86	65	46	89	54	73	58	61	86	69	79
Closed	3	28	15	9	6	20	5	5	7	9	20	4
Assigned	58	58	58	34	73	47	66	54	47	69	55	78
Pending	12	12	4	7	17	4	6	5	12	20	14	10
Convictions/Arrest Reports												
Received	6	17	14	7	16	10	18	11	9	20	18	2
Closed	5	15	11	6	8	5	13	10	8	17	17	2
Assigned	1	2	3	1	5	8	5	1	1	1	3	0
Pending	0	0	0	0	3	0	0	0	0	2	0	0
INVESTIGATIONS (Non Sworn)												
Assigned	59	60	61	35	78	55	71	55	48	70	58	78
Closed	50	51	52	59	39	32	82	59	31	58	42	40
Pending	306	315	324	300	339	362	351	347	364	376	392	431
INVESTIGATIONS (Sworn)												
Assigned	0	0	0	1	0	0	0	0	0	0	0	0
Closed	0	0	0	0	0	0	0	0	1	0	0	0
Pending	0	0	0	1	1	1	1	1	0	0	0	0
CASE AGING												
< 18 months	273	281	295	269	307	321	308	302	318	333	339	376
18-24 months	22	22	18	21	20	28	30	30	29	27	35	33
> 24 mos	11	12	11	10	12	13	13	15	17	16	18	22 ¹
Average Age of Pending Investigations (days)	256	257	236	256	240	241	237	249	256	244	253	240
Median Age of Pending Investigations (days)	220	226	171	196	157	166	163	172	189	169	184	173
¹ Of the 22-cases that are listed as greater than 24 months, six (6) are being recommended for closure and will be eliminated from the February 2012 report, five (5) are pending referral to the AG's office, eight (8) continue to be investigated and three (3) are pending issuance of a citation and fine.												

**CALIFORNIA BOARD OF ACCOUNTANCY
CASE ACTIVITY and AGING REPORT
February 1, 2011 - January 31, 2012**

CBA ITEM VIII.A
MARCH 22-23, 2012

	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
ENFORCEMENT ACTIONS												
AG Cases												
Initiated	3	3	2	5	1	5	5	5	4	6	3	5
AG Cases Pending	36	32	34	37	36	40	40	46	48	53	54	58
Petitions for Reinstatement Pending (Not included in Pre and Post Accusation Totals)	2	3	1	1	0	0	0	1	1	2	3	5
Accusations Filed	1	2	3	2	2	5	3	0	1	1	4	1
AG Cases Aging	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12
Pre Accusation												
< 18 months	12	13	12	15	14	14	16	22	25	30	28	31
18-24 months	0	0	0	0	0	0	1	1	1	1	1	0
> 24 months	1	1	1	1	1	0	0	0	0	0	0	1 ²
Pre Accusation Total	13	14	13	16	15	14	17	23	26	31	29	32
Post Accusation												
< 18 months	21	17	19	19	18	23	20	20	18	18	21	22
18-24 months	0	0	1	1	3	3	3	3	4	1	1	1
> 24 months	2	1	1	1	0	0	0	0	0	3	3	3 ³
Post Accusation Total	23	18	21	21	21	26	23	23	22	22	25	26
² The one (1) case listed as Pre Accusation > 24 months is awaiting the outcome of a sentencing hearing scheduled for May 2012 at which time the CBA will take action.												
³ The three (3) cases that are listed as Post Accusation > 24 months are all waiting on ALJ decisions.												

**CALIFORNIA BOARD OF ACCOUNTANCY
CITATION AND FINE ACTIVITY REPORT
FOR THE PERIOD 7/1/11 THRU 2/23/12**

CBA Item VIII.B

March 22-23, 2012

VIOLATION ANALYSIS

RULE		AVERAGE FINE AMOUNT	TOTAL CITATIONS ISSUED	TOTAL FINES ASSESSED	APPEALS RECEIVED
	ACCOUNTANCY RULES AND REGULATIONS				
3	NOTIFICATION OF CHANGE OF ADDRESS	\$100	2	\$200	
52	RESPONSE TO BOARD INQUIRY	\$250	884 *	\$221,250	3
63	ADVERTISING				1
87	CE BASIC REQUIREMENTS	\$333	6	\$2,000	1
87.8	CE REGULATORY REVIEW COURSE	\$250	1	\$250	
89	CE CONTROL AND REPORTING	\$250	1	\$250	
93	UNEXPIRED LICENSES	\$375	2	\$750	1
	BUSINESS AND PROFESSIONS CODE SECTION				
5037/68	OWNERSHIP OF ACCOUNTANTS' WORKPAPERS	\$1,000	2	\$2,000	
5050	PERMIT	\$750	4	\$3,000	1
5060	NAME OF FIRM	\$813	4	\$3,250	1
5070.6	RENEWAL OF EXPIRED PERMITS	\$0	1	\$0	
5100c	DISCIPLINE IN GENERAL-DISHONESTY, FRAUD, GROSS NEGLIGENCE, REPEATED ACTS	\$750	2	\$1,500	
TOTALS			909	\$234,450	8

* 872 Citations were issued for failure to respond to peer review notification, reminder, and deficiency letters issued in July 2010, April 2011, and September 2011, respectively.

RECONCILIATION OF FINES OUTSTANDING 7/1/11-2/23/12

Balance at 7/1/11	\$53,451
Fines Assessed 7/1/11 - 2/23/12	\$234,450
Reinstated - Revoked License	\$1,200
Appeal Adjustments 7/1/11 - 2/23/12	
Withdrawn Violations (1 violation, 1 case)	(\$250)
Modified Citations (1 violation, 1 case)	(\$250)
Collections 7/1/11 - 2/23/12	(\$13,751)
Fines Outstanding at 2/23/12	\$274,850

COMPOSITION OF FINES OUTSTANDING

Fine Added to License Renewal Fee/B & P 125.9 (71 violations, 34 cases)	\$53,850
AG Referral (Citation Appealed/Non Compliance) (0 violations, 0 cases)	\$0
Issued/Pending Receipt of Fine (879 violations, 874 cases)	\$220,000
Installment Payments (0 violations, 0 cases)	\$0
Appeal Request Pending Review (1 violation, 1 case)	\$1,000
Total Fines Outstanding at 2/23/12	\$274,850

**CALIFORNIA BOARD OF ACCOUNTANCY
 REPORTABLE EVENTS RECEIVED
 07/01/11 – 03/08/12**

Felony Conviction – 5063(a)(1)(A)	1
Criminal Conviction – 5063(a)(1)(B)	0
Criminal Conviction – 5063(a)(1)(C)	0
Cancellation, Revocation, Suspension of Right to Practice by Other State or Foreign Country – 5063(a)(2)	2
Cancellation, Revocation, Suspension of Right to Practice before any governmental body or agency – 5063(a)(3)	2
Restatements – 5063(b)(1) <ul style="list-style-type: none"> • Governmental – 64 • Non Profit – 2 	66
Civil Action Settlement – 5063(b)(2)	5
Civil Action Arbitration Award – 5063(b)(2)	1
SEC Investigation – 5063(b)(3)	1
Wells Submission – 5063(b)(4)	0
PCAOB Investigation – 5063(b)(5)	2
Civil Action Judgement – 5063(c)(1)(2)(3)(4)(5)	2
Reporting by Courts – 5063.1	0
Reporting by Insurers – 5063.2	13
TOTAL REPORTABLE EVENTS RECEIVED 07/01/11 TO 3/08/12	95



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CBA Item VIII.D.
March 22-23, 2012

Update on Peer Review Implementation

Presented by: Rafael Ixta, Chief, Enforcement Division

Date: February 27, 2012

Purpose of the Item

Staff is providing this memorandum to highlight actions that have occurred in the peer review program since the January 2012 California Board of Accountancy (CBA) meeting.

Action Needed

No specific action is required on this agenda item.

Background

Verification Procedures

Staff commenced verifying information on Peer Review Reporting Forms that were filed July 1, 2011. The first group being reviewed includes corporations and partnerships that reported they are not subject to peer review. The sample size for this group is 5% which includes 45 corporations and 19 partnerships. The second group to be reviewed will include CPAs who reported they are operating as a firm but not subject to peer review. The sample size for this group is 2% or 400 forms.

In addition, staff will also be verifying information on Peer Review Reporting Forms submitted by licensees that were issued citations. Verifications for this group will focus on licensees that reported that they are operating as a firm but not subject to peer review.

The verification process will include cross-referencing information in the CBA licensing and enforcement databases, reviewing the licensee's most recent license renewal application, and reviewing internet and social media advertisements.

Citations

In February 2012, the CBA issued 872 citations to licensees who failed to respond to CBA letters regarding their mandatory peer review reporting by the July 1, 2011 deadline. The citations included a \$250 fine for violation of Title 16, California Code of Regulations, Section 52 – Response to Board Inquiry.

In order to comply with the citation, licensees are required to file their peer review reporting form and pay a \$250 fine. Failure to comply or appeal the citation may prevent or delay a licensee from renewing their license in subsequent years.

Reporting Statistics

As of February 27, 2012, 33,545 peer review reporting forms have been submitted to the CBA from licensees in the first two groups of the phase-in period. The reporting forms are categorized as follows:

Licenses Ending in 01-33

Peer Review Required	2,149
Peer Review Not Required (firms)	4,123
Peer Review Not Applicable (non-firms)	<u>15,091</u>
	21,363

Licenses Ending in 34-66

Peer Review Required	855
Peer Review Not Required (firms)	2,425
Peer Review Not Applicable (non-firms)	<u>8,902</u>
	12,182

Telephone & Email Statistics

The statistics for contacts concerning peer review are as follows.

<u>Method of Contact:</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>
Telephone	809	239	180	163	173	875
E-mail	134	67	40	33	55	138

Correspondence to Licensees Regarding Peer Review Reporting

On January 30, 2012, the CBA mailed 10,545 reminder letters to licensees who are required to report peer review information by July 1, 2012.

Peer Review Survey

The CBA has received 1,913 peer review surveys since the survey went live on the CBA website in December 2010. The voluntary survey will assist the CBA in collecting information from sole proprietors and small firms to prepare the report that is due to the Legislature and the Governor by January 1, 2015.

Preliminary results from the voluntary survey are included in the Peer Review Oversight Committee's (PROC) 2011 Annual Report (Agenda Item X.G.2.). As additional surveys are results analyzed, they will be included in future PROC Annual Reports to the CBA.

Comments

None

Recommendation

None

Attachment

None



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CBA Item VIII.E
March 22-23, 2012

RESULTS OF 2nd QUARTER
PERFORMANCE MEASURES REPORT TO DCA

Presented By: Rafael Ixta, Enforcement Chief

Date: February 15, 2012

Purpose of the Item

As part of the Department of Consumer Affairs' (DCA) commitment to consumer protection and its ongoing efforts to better serve consumers and licensees, the DCA is improving its enforcement business function.

The attached table displays a list of the performance measures that have been established by the DCA, the CBA target for each of these measures and the results from the CBA's Performance Measures Report for the second quarter (October 1, 2011 – December 31, 2011).

Action(s) Needed

No specific action is required on this agenda item.

Background

Beginning on July 1, 2010, the DCA began collecting enforcement performance measures from each board and bureau. A set of eight measures was developed along with guidelines for setting targets for these measurements, which the DCA began reporting publicly in October 2010.

Comments

None

Recommendations

None

Attachment

**RESULTS FROM THE DCA
PERFORMANCE MEASURES REPORT
October 1, 2011 – December 31, 2011**

DCA Performance Measure	DCA Target	CBA Target	2 nd Quarter Results	Comments
PM 1; Number of Complaints and Convictions Received	Will vary by program	N/A	263	
PM 2; Average number of days to complete complaint intake	Set by program	10 days	7 days	
PM 3; Average number of days to complete closed cases not resulting in formal discipline	Set by program	180 days	132 days	
PM 4; Average number of days to complete investigations resulting in formal discipline	12-18 months	540 days	983 days	
PM 5; Average cost of intake and investigation for complaints not resulting in formal discipline	TBD	N/A	N/A	DCA is no longer tracking this performance measure.
PM 6; Consumer satisfaction with the services received during the enforcement process	Will vary by program	80 % Satisfaction	Not available this quarter due to low number of responses received.	DCA is not currently tracking this performance measure due to the low volume received. Boards and Bureaus are distributing pre-printed survey cards with all case closure letters in an effort to increase responses.
PM 7; Average number of days from the date a probation monitor is assigned to the date the monitor makes contact	Set by program	5 days	4 days	
PM 8; Average number of days from the time a violation is reported to the program to the time the probation monitor responds	Set by program	15 days	The CBA did not handle any probation violations this quarter.	



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CBA Item IX.
March 22-23, 2012

**Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16,
California Code of Regulations (CCR) Section 4 – Safe Harbor**

Presented by: Kari O'Connor, Special Projects Analyst

Date: February 23, 2012

Purpose of the Item

The California Board of Accountancy (CBA) may discuss and take action to adopt or modify the proposed regulation.

Action(s) Needed

Possible adoption of the proposed regulation.

Background

A regulatory hearing for proposed changes to Title 16, CCR Section 4, Safe Harbor was held at the January 2012 CBA Meeting. The CBA received many comments regarding the proposed regulations. The comments received consistently expressed disapproval of the proposed changes to the Safe Harbor language. CBA members directed staff to work with CBA Vice President LaManna, CBA Member Elkins, and legal counsel to redraft the proposed Safe Harbor language, taking into consideration the comments received from stakeholders at the regulatory hearing and bringing back the redrafted language at the March 2012 CBA meeting.

CBA staff, legal counsel, CBA Vice President LaManna, and CBA Member Elkins participated in two conference calls to discuss and redraft the proposed Safe Harbor regulatory language (**Attachment 1**). The redrafted language was sent to The California Society of Accounting & Tax Professionals, The California Society of Enrolled Agents, The California Society of Tax Consultants, and The National Society of Accountants, which are the organizations that had expressed disapproval of the Safe Harbor language at the regulatory hearing in January. The CBA received a joint letter from these organizations (**Attachment 2**) in support of the redrafted Safe Harbor language.

Comments

The CBA may decide to adopt the proposed regulations as amended in **Attachment 1**, or it may proceed with adopting the proposed regulations from the January 2012 meeting with or without modifications, should any additional changes be necessary

Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, California Code of Regulations (CCR) Section 4 – Safe Harbor

Page 2 of 2

following discussions at the March 2012 CBA meeting. The changes to the original language are identified by double underline and double strikethrough.

- **Adopt Regulatory Language as Proposed in Attachment 1**
Motion: Direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

Adopt Original Regulatory Language Proposed at January 2012 CBA Meeting

Motion: Direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

Recommendation

Staff recommend the following:

- Adopt the staff provided motion above related to the regulatory language proposed in **Attachment 1**.

Attachments

Proposed Regulations

Joint Letter to CBA

PROPOSED REGULATORY LANGUAGE

Section 4. Safe Harbor Language.

A person who is not licensed by the California Board of Accountancy, and who prepares a financial report in a form substantially the same as that set forth in subsection (a) or (b) below, shall not be deemed to be engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code.

(a) "I [we] have prepared the accompanying financial statements of [name of entity] as of [time period] for the [period] then ended. This presentation is limited to preparing in the form of financial statements information that is the representation of management [owners].

I [we] have not audited, ~~or reviewed, or compiled~~ the accompanying financial statements, ~~and accordingly, I [we]~~ do not express an opinion or any other form of assurance on them.

~~I [We] am [are] not licensed, nor required to be licensed, by the California Board of Accountancy for the preparation of these financial statements. If compiled, reviewed, or audited financial statements are desired, the services of someone licensed by the California Board of Accountancy would be required."~~

(b) "We [I] have prepared the accompanying statement of assets, liabilities and equity for [name of company] as of [month-day-year], together with the related statements of revenue, expense, [and cash flow] for the year [or month] then ended on the income tax basis of accounting.

The preparation of financial statements on the income tax basis of accounting is limited to presenting information that is the representation of management [the owners]. We [I] have not audited, ~~nor reviewed, or compiled~~ the accompanying statements. ~~Accordingly, we~~ We [I] do not express an opinion or any other form of assurance on them.

Management has [The owners have] elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's assets, liabilities, equity, revenues, expenses [and cash flow]. Accordingly, these financial statements are not designed for those who are not informed about such matters.

~~We [I] are [am] not licensed, nor required to be licensed, by the California Board of Accountancy for the preparation of these financial statements. If compiled, reviewed, or audited financial statements are desired, the services of someone licensed by the California Board of Accountancy would be required."~~

Note: Authority cited: Sections 5010, Business and Professions Code. Reference: Sections 5051 and 5052, Business and Professions Code.

February 15, 2012

Marshall Oldman, Esq., President
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832

Re: Safe Harbor Language - Proposed Revision to Section 4 of Title 16

Dear Mr. Oldman,

The undersigned organizations are writing jointly in response to a letter (“the letter”) dated February 8, 2012, from Deanna Pearce, the Assistant Executive Officer of the California Board of Accountancy (the “Board”).

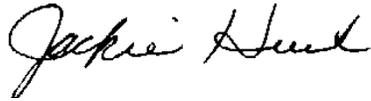
In the letter, Ms. Pearce presented a revised proposal to amend Section 4 of Title 16 of the California Code of Regulations. Specifically, the revised proposal would modify the original proposed modification as follows:

- (1) Modify the first sentence to read, “I [We] am [are] not required to be licensed by the California Board of Accountancy for the preparation of these financial statements”;
- (2) Delete the additional sentence that, “If compiled, reviewed or audited financial statements are desired, the services of a licensee of the Board would be required”;
and
- (3) Add the word “compiled” to existing language in two instances so that the resulting sentences, which are identical, read, “I [We] have not audited, reviewed, or compiled the accompanying financial statements.” to clarify that the financial statements prepared by a non-licensee are not “compiled financial statements” which, according to the Board’s rules and regulations, may only be prepared by a licensee.

We sincerely thank the Board for giving consideration to the recommendations contained in our letter of February 3, 2012 and for incorporating the language suggested therein. We also understand the Board’s desire to clarify existing language by including the word “compiled” in the places noted in Ms. Pearce’s letter.

The undersigned organizations have reviewed the revised proposal and will support all of the modifications as presented in the letter, including statements of supports at the next meeting of the Board.

We thank the members of the Board for considering the views of non-licensed accountants in the modification of safe harbor language and we look forward to continuing to work with the Board on other matters of mutual interest in the future.



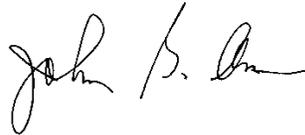
Jackie Hunt, President
California Society of Accounting &
Tax Professionals
1734 Bluestone Lane
Monterey Park, CA 91755



Scarlett Vanyi, Executive Vice President
California Society of Enrolled Agents
3200 Ramos Circle
Sacramento, CA 95827



Linda Morlang, President
California Society of Tax Consultants
12419 Lewis St., Suite 106
Garden Grove, CA 92840



John G. Ams, Executive Vice President
National Society of Accountants
1010 N. Fairfax St.
Alexandria, VA 22314

cc: Members, California Board of Accountancy
Patti Bowers, Deanne Pearce, Matthew Stanley



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EPOC Item I.
March 22, 2012

CBA Item X.A.2.
March 22-23, 2012

Overview of the Enforcement Process

Presented by: Rafael Ixta, Chief, Enforcement Division

Date: March 8, 2012

Purpose of the Item

This item is an educational topic to provide an overview of the enforcement process.

Action(s) Needed

No specific action is required on this agenda item.

Background

Attached are three flowcharts that outline the enforcement process.

- **Investigative Process (Attachment 1)**
Provides an overview of the investigative process from receipt of complaint to closure, assignment of continuing education, preparation of a citation, or referral to the Attorney General's Office for the preparation of an accusation.
- **Case Prosecution (Attachment 2)**
Provides an overview of case prosecution from the time a case is referred to the Attorney General's Office through a disciplinary order being issued by the CBA.
- **Implementation and Monitoring (Attachment 3)**
Provides an overview of the implementation and monitoring of the disciplinary order.

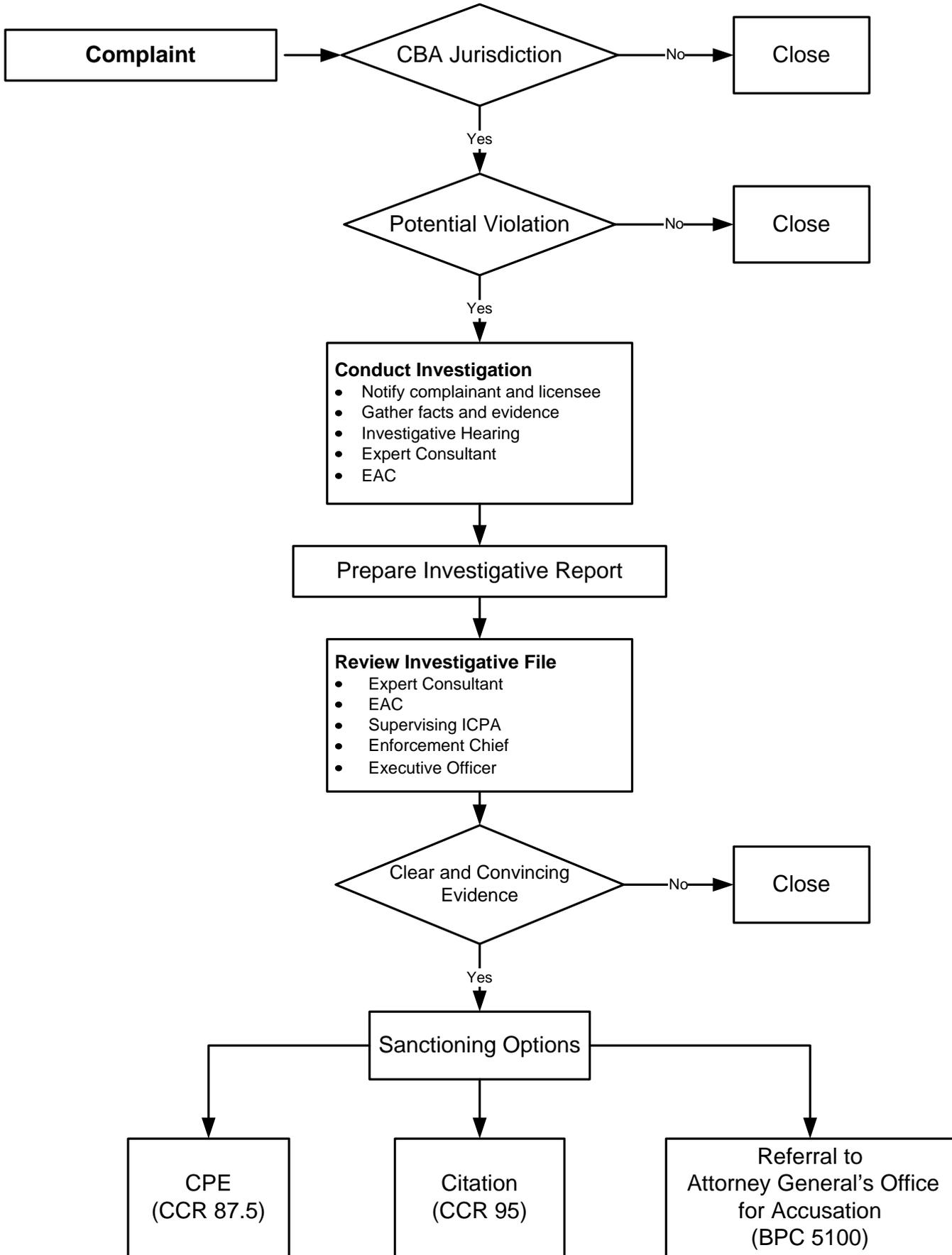
Comments

None.

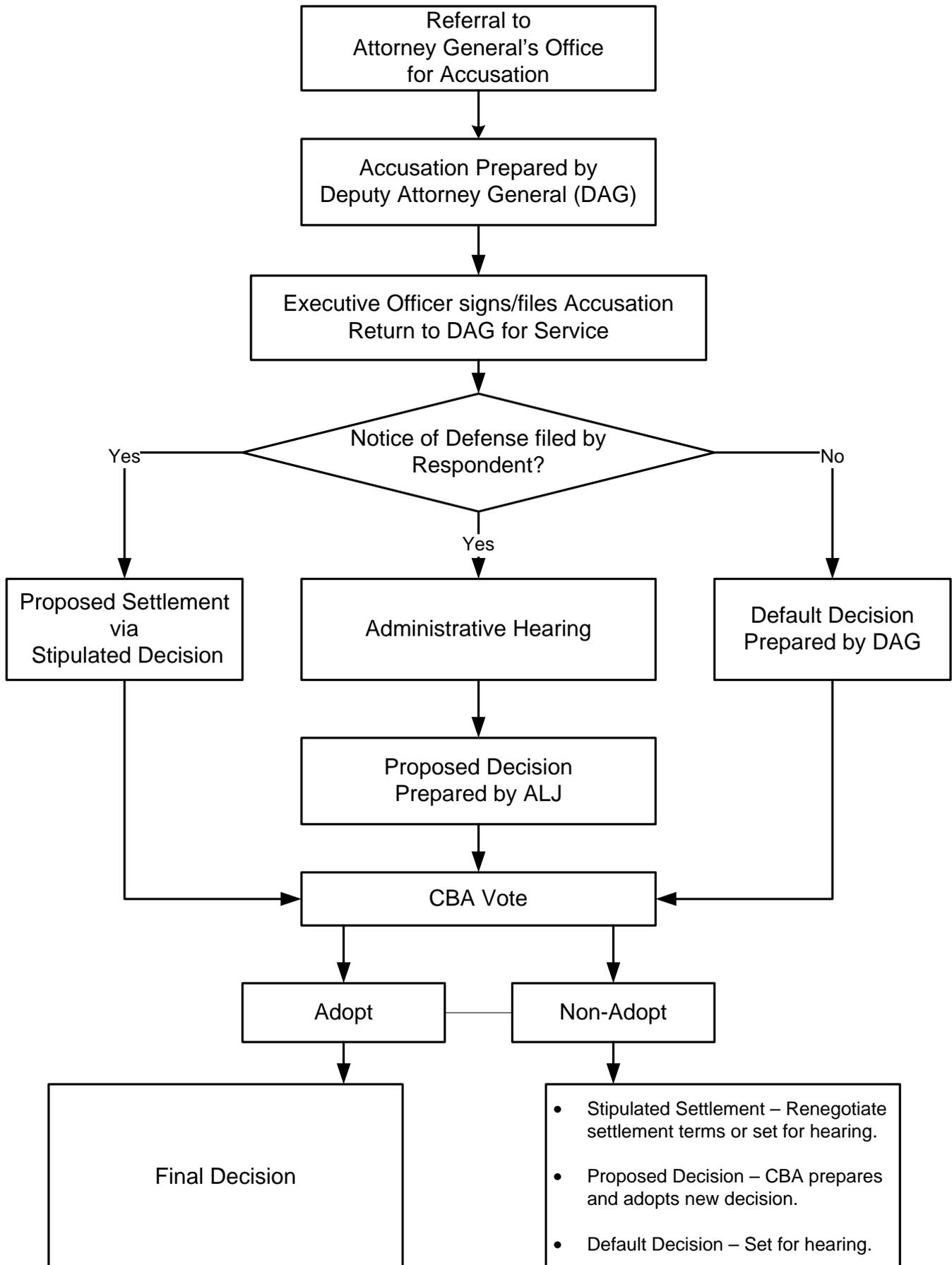
Recommendation

None.

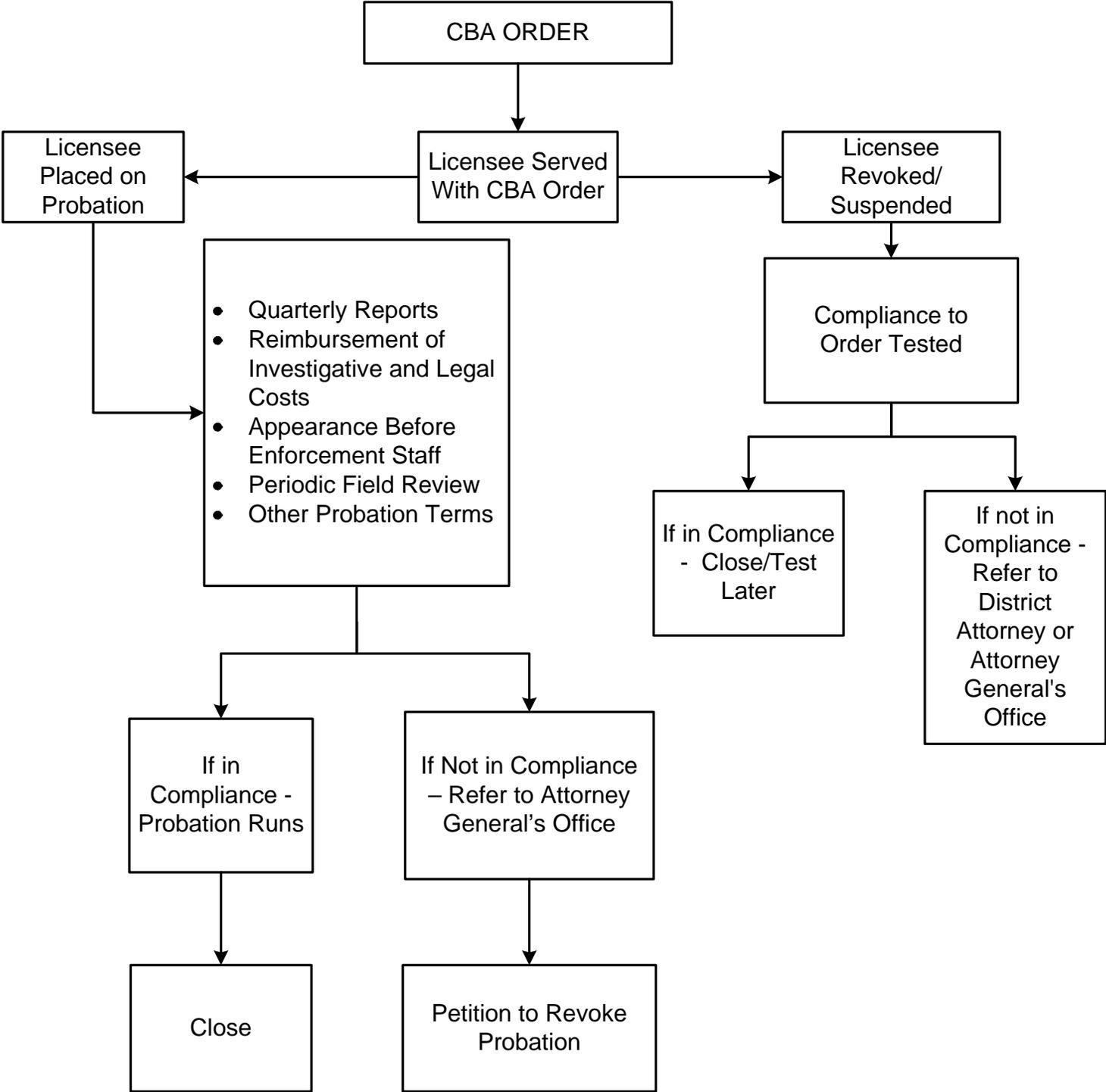
**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT PROGRAM – INVESTIGATIVE PROCESS**



**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT PROGRAM
CASE PROSECUTION**



**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT PROGRAM
IMPLEMENTATION AND MONITORING**





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EPOC Item II.
March 22, 2012

CBA Item X.A.3.
March 22-23, 2012

Discussion on the Role of the Enforcement Program Oversight Committee (EPOC), Role of the Enforcement Advisory Committee (EAC), and Review of the CBA Member Guidelines and Procedures Manual

Presented by: Deanne Pearce, Assistant Executive Officer
Date: March 1, 2012

Purpose of the Item

The purpose of this agenda item is to discuss enforcement-related activities anticipated to be performed by the Enforcement Program Oversight Committee (EPOC) to ensure they are 1) not duplicative of responsibilities legislative delegated to the Enforcement Advisory Committee (EAC); and 2) maintain a clear separation of duties required for California Board of Accountancy (CBA) Members.

Action(s) Needed

The CBA will be asked to deliberate and determine whether changes should be made to the role of the EPOC and EAC as established in the CBA Member Guidelines and Procedures Manual (G&P Manual). Department of Consumer Affairs (DCA) Legal Counsel, Kristy Shellans, will be available at the meeting to answer questions regarding the present roles and any proposed changes to the roles of each committee.

Background

In reviewing materials for the upcoming EPOC meeting, DCA Legal Counsel identified potential issues regarding the role of the EPOC and EAC as reflected in the G&P Manual. For example, there appears to be a duplication of responsibilities between the two committees and also a potential conflict with the laws regarding separation of duties.

It was determined, in consultation with CBA President Marshal Oldman and EPOC Chair Diana Bell, the concerns should be further considered in advance of the EPOC commencing its work.

To assist members in preparing for the upcoming discussion, attached is an excerpt from the G&P Manual identifying the present role of each committee (**Attachment 1**). Also provided is information regarding the history on the background of the EPOC.

Role of the EPOC and EAC

Page 2

Historical information Regarding Establishment of EPOC

The first iteration of the EPOC was in April 1992. The committee was named Outside Counsel Advisory Committee (OCAC), and its purpose was to assist CBA staff in developing a process for selecting, retaining, monitoring, and reviewing outside legal counsel who would be contracted to handle the CBA's major cases.

In May 1993, the OCAC was re-formed by the CBA and named the Enforcement Program Management Committee (EPMC). This committee's charge was to review and evaluate the Major Case Program to insure pro-active management in order to achieve the greatest possible efficiency in the discovery, investigation, and prosecution or settlement of major cases.

In 1995, the CBA was mandated by the Legislature to undergo Sunset Review. Sunset review required that the CBA analyze the need for continued regulation of the accounting profession and the effectiveness of the CBA's regulatory programs. The CBA submitted its report to the Joint Legislative Sunset Review Committee (JLSRC) of the California Legislature.

In its report, the CBA made a number of recommendations to best manage the Enforcement Program. As a means to enhance the CBA members' oversight, one recommendation was to redefine the EPMC as the Enforcement Program Oversight Committee. This committee would be composed of CBA members and would assist the CBA in the consideration of issues relating to professional conduct by:

- Reviewing policy issues related to the Enforcement Program
- Overseeing the program's compliance with CBA policies by way of performing periodic internal audits.

Historical information Regarding Establishment of EAC

The EAC's existence is authorized by Business and Professions (B&P) Code Section 5020. The statute authorizes the CBA to appoint an enforcement advisory committee to provide advice and assistance related to B&P Code Section 5103.

Comments

As identified above, the EAC derives its authority and roles from B&P Code Sections 5020 and 5103. Pursuant to B&P Code Section 5024, the CBA has statutory authority to establish other committees, as necessary, to make recommendations to the CBA on various matters, wherein supports establishment of the EPOC (**Attachment 2**).

To assist CBA members during deliberations, CBA staff researched other Department of Consumer Affairs' (DCA) Boards to determine if Enforcement Committees exist elsewhere. The research identified that Enforcement Committees do exist in select Boards throughout DCA; however, the role of these committees is generally limited to non-policy related tasks such as reviewing the Disciplinary Guidelines, review of

Role of the EPOC and EAC

Page 3

performance measures, review of enforcement statistics, reviewing Strategic Plan objectives relating to enforcement goals, and discussing potential regulatory and/or legislative changes relating to the Enforcement Program.

Recommendation

Staff does not have a recommendation on this item; however to address concerns raised by Legal Counsel and to assist members should they determine changes to the role of either the EAC or EPOC should occur, staff has prepared proposed changes to the G&P Manual for CBA member consideration.

Proposed modifications to the Role of the EAC

Refer to Attachment 1, page 13

Proposed deletion (bullet 3):

- ~~Considering, formulating and proposing policies and procedures related to the CBA's Enforcement Program.~~

Proposed modifications to the role of the EPOC:

Refer to Attachment 1, page 16

Proposed deletion (bullets 1 and 2):

- ~~Reviewing policy issues related to the Enforcement Program~~
- ~~Overseeing the program's compliance with CBA policies by way of performing periodic internal audits~~

Suggested additions:

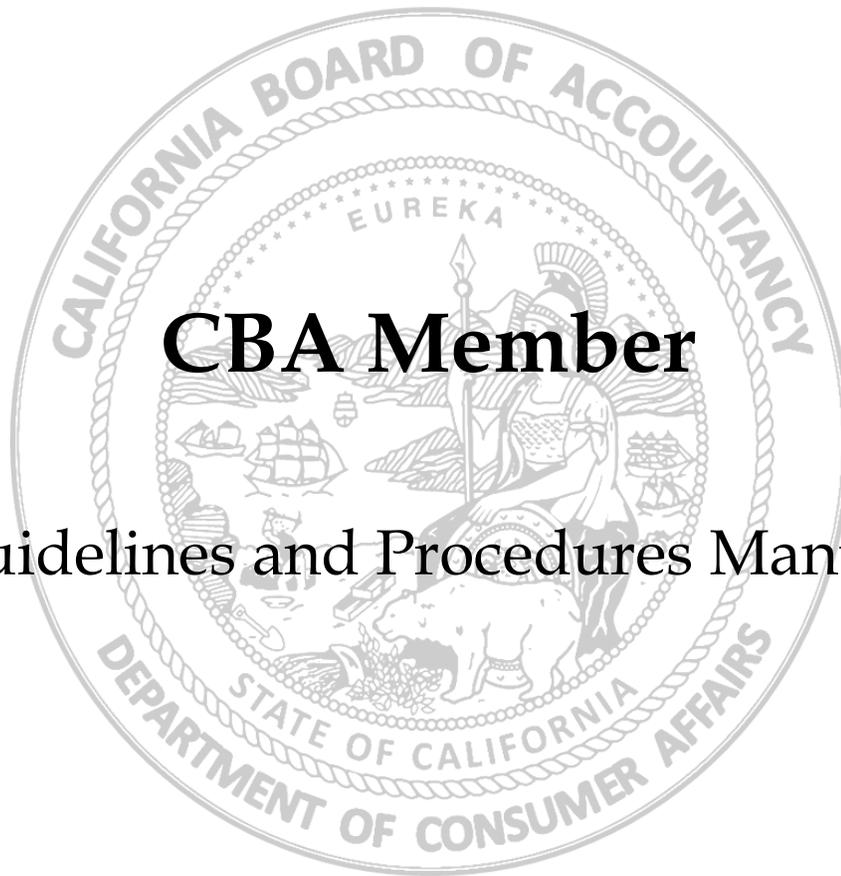
- Review of performance measures
 - *(Presently done at CBA Meeting)*
- Review of enforcement statistics
 - *(Presently done at CBA Meeting)*
- Review Strategic Plan objectives relating to enforcement goals
 - *(Will be done Strategic Planning Committee)*
- Discuss proposed regulatory and/or legislative changes relating to the Enforcement Program
 - *(Presently done by CPC and/or full CBA Meeting)*
- Perform internal audits of closed enforcement cases, when specific concerns are raised during closed session deliberations

The suggested additions to the EPOC are consistent with other DCA Boards, however there is crossover with existing CBA Committee's functions which is identified above and should be considered during deliberations.

Attachments

- 1) Excerpt from the CBA Member Guidelines and Procedure Manual
- 2) Excerpts from the Business and Professions Code

The California Board of Accountancy



CBA Member

Guidelines and Procedures Manual

Last updated
January 2011



SECTION II

CBA COMMITTEES AND TASK FORCES

The intent of all committees is to serve in an advisory capacity to the CBA. The Enforcement Advisory, Peer Review Oversight, and Qualifications Committees are statutory in nature, meaning their use is written into the Accountancy Act. All other committees are standing in nature, and may be created/dissolved at the CBA's discretion.

Each committee and/or task force shall have a Chairperson. The Chairperson is designated by the CBA President, and is tasked with running the committee/task force meeting. The Chair opens and closes the meeting, and counts the vote. The Chair is also responsible for coordinating with staff the creation of the minutes, and the presentation of those minutes to the CBA.

CBA members who wish to attend committee meetings, but that are not a part of the committee, may do so. However, pursuant to the Bagley-Keene Act, if the CBA member's presence at the committee meeting would constitute a CBA quorum, they may make no comment, vote on any agenda item, or sit at the table with the committee.

At the November CBA meeting, the President shall inform CBA members that if they wish to participate on a committee for the next year, they must submit written notice to the Executive Analyst. The Executive Analyst will then compile the list of interested parties, and supply it to the President in December. The President, at their discretion, will then make appointments to CBA committees effective the first of January, the following year.

A. STATUTORY COMMITTEES (Ref. Business & Professions Code §§ 5020, 5023, & 5024).

1. Enforcement Advisory Committee (EAC).

a. Purpose.

To assist the CBA in an advisory nature with its enforcement activities by:

- Serving in a technical advisory capacity to the Executive Officer and the Enforcement Program. The EAC members may participate in investigative hearings along with staff investigators; counsel from the Attorney General's Office and where appropriate, outside counsel.
- In an appropriate manner, consistent with the Administrative Procedure Act, reporting its findings from any investigation or hearing to the CBA, or upon direction of the CBA, to the Executive Officer.
- Considering, formulating and proposing policies and procedures related to the CBA's Enforcement Program.
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized by the CBA to consider.

b. Membership.

The EAC is comprised of up to 13 licensees.

c. Meetings/Minutes.

The EAC meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Peer Review Oversight Committee (PROC)

a. Purpose.

To act as an advisory committee and assist the CBA in its oversight of the Peer Review Program by:

- Overseeing the activities of sponsoring organizations related to how peer reviews are processed and evaluated.
- Ensuring the sponsoring organizations adhere to the American Institute of Certified Public Accountants (AICPA) *Standards for Performing and Reporting on Peer Reviews* (Standards).
- Ensuring that peer reviewers are properly qualified.
- Ensuring that peer reviews are being accepted in a consistent manner by the sponsoring organization's report acceptance body.
- Evaluating organizations outside the AICPA structure that desire to administer peer reviews in California.
- Representing the CBA at the AICPA's Peer Review Board meetings.

b. Membership.

The PROC is comprised of 7 licensees

c. Meetings/Minutes.

The PROC meets approximately four times annually, generally for one day each meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Qualifications Committee (QC)

a. Purpose.

To act as an advisory committee and assist the CBA in its licensure activities by:

- Conducting work paper reviews of experience of applicants appearing before the committee

- Interviewing employers that appear before the committee under the provision of Section 69, of the Accountancy Regulations
- Making recommendations and forwarding reports to the CBA for action on any matter on which it is authorized to act

b. Membership.

The QC is comprised of 16 licensees.

c. Meetings/Minutes.

The QC meets approximately four times annually, generally for one day each meeting. An additional Section 69 review may be conducted by QC members approximately one month prior to each committee meeting for those employers not in the geographic area of the upcoming QC meeting. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

4. Other Committees.

The CBA may create and appoint other committees consisting of certified public accountants in good standing of this State or other qualified interested parties, who may but need not be members of the CBA for the purpose of making recommendations on such matters as may be specified by the CBA.

B. STANDING, AD HOC, and OTHER COMMITTEES/TASK FORCES.

1. Committee on Professional Conduct (CPC).

a. Purpose.

To assist the CBA in consideration of issues relating to professional conduct by:

- Considering and developing recommendations on issues that apply to the practice of public accountancy and affect consumers
- Considering, formulating, and proposing policies and procedures related to emerging and unresolved issues
- Reviewing selected exposure drafts and developing recommendations to present to the CBA

b. Membership.

The CPC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The CPC generally meets before scheduled CBA meetings. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

2. Enforcement Program Oversight Committee (EPOC).

a. Purpose.

To assist the CBA in the consideration of issues relating to professional conduct by:

- Reviewing policy issues related to the Enforcement Program
- Overseeing the program's compliance with CBA policies by way of performing periodic internal audits

b. Membership.

The EPOC may be comprised of up to seven CBA members.

c. Meetings/Minutes

Meeting to review the CBA's Disciplinary Guidelines shall be held on a tri-annual basis. More frequent meeting for any purpose may be called as deemed necessary. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Legislative Committee (LC).

a. Purpose.

To assist the CBA in its activities by:

- Reviewing, recommending, and advancing legislation relating to the practice of public accountancy.
- Coordinating the need for and use of CBA members to testify before the Legislature.

b. Membership.

The LC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The frequency of the meetings is determined by the urgency of the issue(s) at hand. The LC meets as required by the Chair or approximately three times a year. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

4. Task Forces.

Under the CBA's General Authority, the CBA may create Task forces, which are temporary and terminate at a prescribed time. Task forces may be comprised of CBA members, licensees, staff, and the general public. For a list of all current task forces, refer to the latest CBA roster. **(Appendix 3)**

5. National Committees.

The CBA encourages its members to participate in national committees, including the American Institute of Certified Public Accountants (AICPA) Qualifications Committee, and most National Association of State Boards of Accountancy (NASBA) committees. In addition, all new CBA members are encouraged to attend the NASBA yearly meeting, as NASBA generally reimburses travel costs, and the meetings are informative as to the workings of NASBA and its priorities for the upcoming year. **Appendix 6** includes a list of all NASBA national committees as reference.



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Attachment 2

EXCERPTS FROM THE BUSINESS AND PROFESSIONS CODE

Enforcement Advisory Committee

Business and Professions Code Section 5020

The board may, for the purpose of obtaining technical expertise, appoint an enforcement advisory committee of not more than 13 licensees to provide advice and assistance related to the functions specified in Section 5103. The committee shall act only in an advisory capacity, shall have no authority to initiate any disciplinary action against a licensee, and shall only be authorized to report its findings from any investigation or hearing conducted pursuant to this section to the board, or upon direction of the board, to the executive officer.

Business and Professions Code Section 5103

(a) Notwithstanding any other provision of law, the board may inquire into any alleged violation of this chapter or any other state or federal law, regulation, or rule relevant to the practice of accountancy.

(b) The board, or its executive officer pursuant to a delegation of authority from the board, is authorized to perform the following functions:

(1) To receive and investigate complaints and to conduct investigations or hearings, with or without the filing of any complaint, and to obtain information and evidence relating to any matter involving the conduct of licensees, as directed by the board, or as directed by the executive officer pursuant to a delegation of authority from the board.

(2) To receive and investigate complaints and to conduct investigations or hearings, with or without the filing of any complaint, and to obtain information and evidence relating to any matter involving any violation or alleged violation of this chapter by licensees, as directed by the board, or as directed by the executive officer pursuant to a delegation of authority from the board.

Enforcement Program Oversight Committee

Business and Professions Code Section 5024

The board may create and appoint advisory committees, consisting solely of board members or consisting of board members and other persons who are not board members, for the purpose of making recommendations on matters as may be specified by the board.



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LC Item II.
March 22, 2012

CBA Item X.B.2
March 22-23, 2012

Update on Bills on Which the CBA Has Taken a Position
(AB 675, AB 958, AB 991, AB 1193, SB 103, SB 366)

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: February 16, 2012

Purpose of the Item

Staff is providing members with a status update on legislation that is currently being tracked by the California Board of Accountancy (CBA).

Action(s) Needed

No action is required.

Background

In 2011, the CBA took positions on several pieces of legislation. Attached is a table outlining these bills and the CBA's position (**Attachment 1**).

Comments

The following bill has not been substantially amended since the CBA last reviewed it. Staff recommend that the CBA maintain its current position on this bill.

- SB 103 – Teleconferencing (Oppose)
SB 103 would require a state body to conduct a teleconference meeting upon request by any member that is not solely due to their convenience. In addition, SB 103 require state bodies to provide a live webcast of its meetings that are open to the public, which the CBA already is required to do.

This bill is currently on the Assembly Appropriations Suspense File and is unlikely to advance in its current form.

The following bills have failed to meet legislative deadlines and are dead for the session. However, the concepts could be revived in other bills later in the year.

- AB 675 – Continuing Education (Support)
This bill would have prevented courses promoting labor organizing or any particular political viewpoint from counting as continuing education (CE).
- AB 958 – Enforcement Limitation Periods (Oppose)
This bill gave licensing entities four years from the time a complaint is brought to file an accusation.

Update on Bills on Which the CBA Has Taken a Position (AB 675, AB 958, AB 991, AB 1193, SB 103, SB 3656)

Page 2 of 2

- AB 991 – California Licensing and Permit Center (Oppose)
This bill would have created a single website where consumers and licensees could get all the licensing information they need.
- AB 1193 – Accountancy (Watch)
This was a spot bill
- SB 366 – Regulation Review (Support)
This bill would have mandated that all state entities bring their regulations up to date and ensure that no conflicts exist with other entities regulations.

Recommendation

Staff recommend the current position be maintained on SB 103.

Attachment

Bill Tracking Table



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Attachment 1

<u>Bill #</u>	<u>Author</u>	<u>Topic</u>	<u>CBA Position</u>
AB 675	Hagman	Continuing Education	Support
AB 958	Berryhill	Enforcement limitation periods	Oppose
AB 991	Olsen	California Licensing and Permit Center	Oppose
AB 1193	Hagman	Accountancy	Watch
SB 103	Liu	Teleconferencing	Oppose
SB 366	Calderon	Regulation Review	Support



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LC Item III.A.
March 22, 2012

CBA Item X.B.3.a.
March 22-23, 2012

AB 1345 – Local government: audits

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: February 29, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1345 (**Attachment 1**) was amended on January 4, 2012, and again on January 12. It is authored by Assembly Member Ricardo Lara. It is currently awaiting a hearing in the Senate Governance and Finance Committee.

As amended, this bill would require the annual audit reports made pursuant to the federal Single Audit Act of 1984 to be submitted to the Controller within nine months after the end of the period audited. It also allows the Controller to appoint a CPA to complete an audit report if the agency fails to submit it to the Controller by the specified date. The Controller would report misconduct to the CBA.

Additionally, this bill would require that a local agency not employ an accounting firm if the lead audit partner or coordinating audit partner having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that local agency for each of the six previous fiscal years. The Controller can waive this requirement if it's found that another eligible public accounting firm is not available to perform the audit.

Comments

Although this bill does not specifically address the licensing or enforcement of the practice of public accountancy, it does touch on a topic on which the CBA has expressed an interest in the past – audit partner rotation.

Recommendation

Staff does not have a recommendation on this bill.

Attachment

AB 1345

AMENDED IN ASSEMBLY JANUARY 12, 2012

AMENDED IN ASSEMBLY JANUARY 4, 2012

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1345

Introduced by Assembly Member Lara

February 18, 2011

An act to amend Section 12410.5 of, and to add Section 12410.6 to, the Government Code, relating to audits.

LEGISLATIVE COUNSEL'S DIGEST

AB 1345, as amended, Lara. Local government: audits.

(1) The federal Single Audit Act of 1984 requires any nonfederal entity, defined as a state, local government, or nonprofit organization, that ~~accepts~~ *expends* \$300,000 or more in federal money to prepare an annual audit that meets certain specifications and transmit that audit to specified federal agencies. Existing law requires the Controller to receive every audit report prepared by any local public agency, pursuant to the federal Single Audit Act of 1984, *and* review those reports for compliance with federal law before forwarding them to the designated state agency.

This bill would require the annual audit reports made pursuant to the federal Single Audit Act of 1984 to be submitted to the Controller within 9 months after the end of the period audited or pursuant to applicable federal or state law. This bill would authorize the Controller to appoint a qualified certified public accountant or public accountant to complete an audit report if a local agency, as defined, fails to submit the audit report to the Controller by the specified date. The bill would require

the Controller to report certain misconduct and nondisclosures to the California Board of Accountancy.

(2) Existing law requires certain audits to be performed by specified accountants and accounting firms.

This bill would require any audit for any local agency to be performed by a certified public accountant or public accountant, as specified. The bill would prohibit a local agency from employing certain public accounting firms to perform an audit, as specified, unless the Controller finds that another eligible public accounting firm is not available to perform the audit.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12410.5 of the Government Code is
 2 amended to read:
 3 12410.5. (a) The Controller shall receive every audit report
 4 prepared for any local agency, as defined in Section 53890, in
 5 compliance with the federal Single Audit Act of 1984 (31 U.S.C.
 6 Sec. 7501 et seq.) and required under any law to be submitted to
 7 any state agency, and shall, after ascertaining its compliance with
 8 that federal act, transmit the report to the designated state agency.
 9 (b) The audit report shall be submitted to the Controller within
 10 nine months after the end of the period audited or pursuant to
 11 applicable federal or state law.
 12 (c) An audit report for any local agency submitted to the
 13 Controller pursuant to this section shall comply with the
 14 Government Auditing Standards issued by the Comptroller General
 15 of the United States.
 16 (d) If a local agency does not submit the audit report required
 17 by this section to the Controller by the due date established in
 18 subdivision (b) of this section, the Controller may appoint a
 19 qualified certified public accountant or public accountant to
 20 complete the report and to obtain the information required. Any
 21 cost incurred by the Controller pursuant to this subdivision,
 22 including a contract with, or the employment of, the certified public
 23 accountant or public accountant, in completing the audit shall be
 24 borne by the local agency and shall be a charge against any
 25 unencumbered funds of the local agency.

1 (e) If the Controller finds through a quality control review of
2 the audit working papers of the audit report made pursuant to this
3 section that the audit was conducted in a manner that constitutes
4 unprofessional conduct, as defined pursuant to Section 5100 of
5 the Business and Professions Code, or that there were multiple
6 and repeated failures to disclose noncompliant acts, the Controller
7 shall refer the case to the California Board of Accountancy.

8 SEC. 2. Section 12410.6 is added to the Government Code, to
9 read:

10 12410.6. (a) An audit for any local agency, including those
11 submitted to the Controller pursuant to subdivision (a) of Section
12 12410.5, shall be made by a certified public accountant or public
13 accountant, licensed by, and in good standing with, the California
14 Board of Accountancy.

15 (b) Commencing with the ~~2012-13~~ 2013-14 fiscal year, a local
16 agency shall not employ a public accounting firm to provide audit
17 services to a local agency if the lead audit partner or coordinating
18 audit partner having primary responsibility for the audit, or the
19 audit partner responsible for reviewing the audit, has ~~preformed~~
20 *performed* audit services for that local agency for each of the six
21 previous fiscal years. The Controller may waive this requirement
22 if he or she finds that another eligible public accounting firm is
23 not available to perform the audit.



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LC Item III.B. **CBA Item X.B.3.b.**
March 22, 2012 March 22-23, 2012

AB 1504 – Administrative Regulations

Presented by: Kari O'Connor, Special Projects Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the California Board of Accountancy (CBA) to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1504 (**Attachment 1**) was introduced on January 10, 2012. It is authored by Assembly Member Mike Morrell. It has been referred to the Assembly Business and Professions Committee

This bill would require each agency to complete an economic assessment of a proposed regulation at least 90 days prior to submitting a Notice of Proposed Action and make the assessment available for public comment during that time.

Additionally, this bill would amend existing law which requires an agency to conduct a standardized regulatory impact assessment if the economic impact exceeds **\$25,000,000**. Current law requires an agency to conduct a standardized regulatory impact assessment if the economic impact exceeds **\$50,000,000**.

Comments

This bill would increase the timeframe of the regulatory process by requiring an additional 90 days for public comment on the economic assessment. Presently, regulatory changes require two economic assessments, the Economic Impact Assessment, which is a new requirement this year, and the Economic and Fiscal Impact Statement (Form 399). An additional requirement for a third version of an economic assessment appears excessive and redundant.

Recommendation

This bill would increase the timeframe for the rulemaking process and create redundancy with the economic impact information. CBA staff recommend an Oppose position on AB 1504.

AB 1504 – Administrative Regulations

Page 2 of 2

Attachments

AB 1504

ASSEMBLY BILL**No. 1504**

Introduced by Assembly Member MorrellJanuary 10, 2012

An act to amend Sections 11342.548, 11346, 11346.3, and 11346.36 of, and to add Sections 11346.25 and 11346.37 to, the Government Code, relating to administrative regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1504, as introduced, Morrell. Administrative regulations.

The Administrative Procedure Act governs the procedures for the adoption, amendment, or repeal of regulations by state agencies and the review of those regulatory actions by the Office of Administrative Law. Existing law establishes procedures for notifying interested persons of the proposed adoption, amendment, or repeal of a regulation. Existing law requires a state agency that proposes to adopt, amend, or repeal an administrative regulation to assess the potential for adverse economic impact on California businesses and individuals, as prescribed.

This bill would require each state agency that is considering adopting, amending, or repealing a regulation, in addition to those existing economic impact analysis requirements, to complete an economic assessment of the proposed action at least 90 days prior to submitting a notice of proposed action to the office. The bill would subject the economic assessment to public comment. The bill would require the economic assessment to include specified analyses.

On and after November 1, 2013, existing law requires a state agency, proposing to adopt, amend, or repeal a regulation that will have an economic impact of more than \$50,000,000 on California businesses and individuals, to conduct a standardized regulatory impact assessment,

as specified, to be included in the initial statement of reasons for the regulation. Existing law requires the Department of Finance to adopt regulations for conducting the standardized regulatory impact assessment.

This bill would, on and after November 1, 2013, instead require a state agency to conduct a standardized regulatory impact assessment when the economic impact on California businesses and individuals exceeds \$25,000,000. The bill would require the standardized regulatory impact assessment to include an analysis of alternatives that meet the statutory purpose of the proposed regulation, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11342.548 of the Government Code is
 2 amended to read:

3 11342.548. “Major regulation” means any proposed adoption,
 4 amendment, or repeal of a regulation subject to review by the
 5 Office of Administrative Law pursuant to Article 6 (commencing
 6 with Section 11349) that will have an economic impact on
 7 California business enterprises and individuals in an amount
 8 exceeding ~~fifty~~ *twenty-five* million dollars ~~(\$50,000,000)~~
 9 *(\$25,000,000)*, as estimated by the agency.

10 SEC. 2. Section 11346 of the Government Code is amended
 11 to read:

12 11346. (a) It is the purpose of this chapter to establish basic
 13 minimum procedural requirements for the adoption, amendment,
 14 or repeal of administrative regulations. Except as provided in
 15 Section 11346.1, the provisions of this chapter are applicable to
 16 the exercise of any quasi-legislative power conferred by any statute
 17 heretofore or hereafter enacted, but nothing in this chapter repeals
 18 or diminishes additional requirements imposed by any statute. This
 19 chapter shall not be superseded or modified by any subsequent
 20 legislation except to the extent that the legislation shall do so
 21 expressly.

22 (b) ~~As provided in Sections 11346.25 and 11346.3, an agency~~
 23 that is considering adopting, amending, or repealing a regulation
 24 ~~may shall~~ consult with interested persons before initiating
 25 regulatory action pursuant to this article.

1 SEC. 3. Section 11346.25 is added to the Government Code,
2 to read:

3 11346.25. (a) An agency that is considering adopting,
4 amending, or repealing a regulation shall complete an economic
5 assessment of the proposed action 90 days prior to submitting a
6 notice of proposed action to the office.

7 (b) The economic assessment shall be subject to public comment
8 and shall include all of the following:

9 (1) A cost-benefit analysis, including whether the proposed
10 action, if adopted, may result in the expenditure of moneys by any
11 individual, business, state government entity, or local government
12 entity.

13 (2) A description of the expenditure of any moneys identified
14 pursuant to paragraph (1), including examples of how the proposed
15 action may result in the expenditure of moneys by an individual,
16 business, state entity, or local entity.

17 (3) An analysis of how the proposed action shall implement or
18 meet the statutory purpose for which the proposed action is
19 necessary, and the reason for its necessity.

20 (4) An analysis that takes into consideration and addresses the
21 public comments received by the agency.

22 (5) In the case of a major regulation, an analysis that considers
23 alternative regulations, which shall also be included in the analysis
24 required under Section 11346.37.

25 (c) The agency shall notify the public of the public comment
26 period for the economic assessment 90 days prior to submitting a
27 notice of proposed action to the office, pursuant to the following:

28 (1) The agency shall identify all interested parties that may be
29 affected by the proposed regulation.

30 (2) The agency shall post that identification on its Internet Web
31 site along with a preliminary notice of proposed rulemaking and
32 initial statement of reasons.

33 (3) The agency shall make public all comments that are received
34 under this section.

35 (d) The economic assessment required by this section shall be
36 prepared in addition to the economic impact analysis required
37 under Section 11346.3, and shall be filed with the office with the
38 notice of proposed action.

39 SEC. 4. Section 11346.3 of the Government Code is amended
40 to read:

1 11346.3. (a) State agencies proposing to adopt, amend, or
2 repeal any administrative regulation shall assess the potential for
3 adverse economic impact on California business enterprises and
4 individuals, avoiding the imposition of unnecessary or unreasonable
5 regulations or reporting, recordkeeping, or compliance
6 requirements. For purposes of this subdivision, assessing the
7 potential for adverse economic impact shall require agencies, when
8 proposing to adopt, amend, or repeal a regulation, to adhere to the
9 following requirements, to the extent that these requirements do
10 not conflict with other state or federal laws:

11 (1) The proposed adoption, amendment, or repeal of a regulation
12 shall be based on adequate information concerning the need for,
13 and consequences of, proposed governmental action.

14 (2) The state agency, prior to submitting a proposal to adopt,
15 amend, or repeal a regulation to the office, shall consider the
16 proposal's impact on business, with consideration of industries
17 affected including the ability of California businesses to compete
18 with businesses in other states. For purposes of evaluating the
19 impact on the ability of California businesses to compete with
20 businesses in other states, an agency shall consider, but not be
21 limited to, information supplied by interested parties.

22 (3) An economic analysis prepared pursuant to this subdivision
23 for a proposed regulation that is not a major regulation or that is
24 a major regulation proposed prior to November 1, 2013, shall be
25 prepared in accordance with subdivision (b). An economic analysis
26 prepared pursuant to this subdivision for a major regulation
27 proposed on or after November 1, 2013, shall be prepared in
28 accordance with subdivision (c), and shall be included in the initial
29 statement of reasons as required by Section 11346.2.

30 (b) (1) All state agencies proposing to adopt, amend, or repeal
31 a regulation that is not a major regulation or that is a major
32 regulation proposed prior to November 1, 2013, shall prepare an
33 economic impact analysis that assesses whether and to what extent
34 it will affect the following:

35 (A) The creation or elimination of jobs within the State of
36 California.

37 (B) The creation of new businesses or the elimination of existing
38 businesses within the State of California.

39 (C) The expansion of businesses currently doing business within
40 the State of California.

1 (D) The benefits of the regulation to the health and welfare of
2 California residents, worker safety, and the state’s environment.

3 (2) This subdivision does not apply to the University of
4 California, the Hastings College of the Law, or the Fair Political
5 Practices Commission.

6 (3) Information required from state agencies for the purpose of
7 completing the assessment may come from existing state
8 publications.

9 (c) (1) Each state agency proposing to adopt, amend, or repeal
10 a major regulation on or after November 1, 2013, shall prepare a
11 standardized regulatory impact assessment in the manner prescribed
12 by the Department of Finance pursuant to Section 11346.36. The
13 standardized regulatory impact analysis shall address all of the
14 following:

15 (A) The creation or elimination of jobs within the state.

16 (B) The creation of new businesses or the elimination of existing
17 businesses within the state.

18 (C) The competitive advantages or disadvantages for businesses
19 currently doing business within the state.

20 (D) The increase or decrease of investment in the state.

21 (E) The incentives for innovation in products, materials, or
22 processes.

23 (F) The benefits of the regulations, including, but not limited
24 to, benefits to the health, safety, and welfare of California residents,
25 worker safety, and the state’s environment and quality of life,
26 among any other benefits identified by the agency.

27 (G) *An analysis of reasonable alternatives as required under*
28 *Section 11346.37.*

29 (2) This subdivision shall not apply to the University of
30 California, the Hastings College of the Law, or the Fair Political
31 Practices Commission.

32 (3) Information required from state agencies for the purpose of
33 completing the assessment may be derived from existing state,
34 federal, or academic publications.

35 (d) Any administrative regulation adopted on or after January
36 1, 1993, that requires a report shall not apply to businesses, unless
37 the state agency adopting the regulation makes a finding that it is
38 necessary for the health, safety, or welfare of the people of the
39 state that the regulation apply to businesses.

1 (e) Analyses conducted pursuant to this section are intended to
2 provide agencies and the public with tools to determine whether
3 the regulatory proposal is an efficient and effective means of
4 implementing the policy decisions enacted in statute or by other
5 provisions of law in the least burdensome manner. Regulatory
6 impact analyses shall inform the agencies and the public of the
7 economic consequences of regulatory choices, not reassess
8 statutory policy. The baseline for the regulatory analysis shall be
9 the most cost-effective set of regulatory measures that are equally
10 effective in achieving the purpose of the regulation in a manner
11 that ensures full compliance with the authorizing statute or other
12 law being implemented or made specific by the proposed
13 regulation.

14 (f) Each state agency proposing to adopt, amend, or repeal a
15 major regulation on or after November 1, 2013, and that has
16 prepared a standardized regulatory impact assessment pursuant to
17 subdivision (c), shall submit that assessment to the Department of
18 Finance upon completion. The department shall comment, within
19 30 days of receiving such assessment, on the extent to which the
20 assessment adheres to the regulations adopted pursuant to Section
21 11346.36. Upon receiving the comments from the department, the
22 agency may update its analysis to reflect any comments received
23 from the department and shall summarize the comments and the
24 response of the agency along with a statement of the results of the
25 updated analysis for the statement required by paragraph (10) of
26 subdivision (a) of Section 11346.5.

27 SEC. 5. Section 11346.36 of the Government Code is amended
28 to read:

29 11346.36. (a) Prior to November 1, 2013, the Department of
30 Finance, in consultation with the office and other state agencies,
31 shall adopt regulations for conducting the standardized regulatory
32 impact analyses required by subdivision (c) of Section 11346.3.

33 (b) The regulations, at a minimum, shall assist the agencies in
34 specifying the methodologies for:

35 (1) Assessing and determining the benefits and costs of the
36 proposed regulation, expressed in monetary terms to the extent
37 feasible and appropriate. Assessing the value of nonmonetary
38 benefits such as the protection of public health and safety, worker
39 safety, or the environment, the prevention of discrimination, the
40 promotion of fairness or social equity, the increase in the openness

1 and transparency of business and government and other
2 nonmonetary benefits consistent with the statutory policy or other
3 provisions of law.

4 (2) Comparing proposed regulatory alternatives with an
5 established baseline so agencies can make analytical decisions for
6 the adoption, amendment, or repeal of regulations necessary to
7 determine that the proposed action is the most effective, or equally
8 effective and less burdensome, alternative in carrying out the
9 purpose for which the action is proposed, or the most cost-effective
10 alternative to the economy and to affected private persons that
11 would be equally effective in implementing the statutory policy
12 or other provision of law.

13 (3) Determining the impact of a regulatory proposal on the state
14 economy, businesses, and the public welfare, as described in
15 subdivision (c) of Section 11346.3.

16 (4) Assessing the effects of a regulatory proposal on the General
17 Fund and special funds of the state and affected local government
18 agencies attributable to the proposed regulation.

19 (5) Determining the cost of enforcement and compliance to the
20 agency and to affected business enterprises and individuals.

21 (6) Making the estimation described in Section 11342.548.

22 (7) *Complying with the requirements under Section 11346.37.*

23 (c) To the extent required by this chapter, the department shall
24 convene a public hearing or hearings and take public comment on
25 any draft regulation. Representatives from state agencies and the
26 public at large shall be afforded the opportunity to review and
27 comment on the draft regulation before the regulation is adopted
28 in final form.

29 (d) State agencies shall provide the Director of Finance and the
30 office ready access to their records and full information and
31 reasonable assistance in any matter requested for purposes of
32 developing the regulations required by this section. This
33 subdivision shall not be construed to authorize an agency to provide
34 access to records required by statute to be kept confidential.

35 (e) The standardized regulatory impact analysis prepared by the
36 proposing agency shall be included in the initial statement of
37 reasons for the regulation as provided in subdivision (b) of Section
38 11346.2.

39 (f) On or before November 1, 2013, the department shall submit
40 the adopted regulations to the Senate and Assembly Committees

1 on Governmental Organization and shall publish the adopted
2 regulations in the State Administrative Manual.

3 SEC. 6. Section 11346.37 is added to the Government Code,
4 to read:

5 11346.37. (a) An agency that proposes to adopt a major
6 regulation pursuant to Section 11346.3 shall include in its
7 standardized regulatory impact assessment both of the following:

8 (1) An assessment of the cost effectiveness of alternatives that
9 meet the statutory purpose of the proposed major regulation and
10 a determination of which alternative is the lowest cost alternative.

11 (2) A demonstration that the proposed major regulation is the
12 most cost-effective approach to meeting the statutory purpose of
13 the regulation as compared to all other alternatives.

14 (b) In implementing this section, an agency shall make a
15 substantial effort to engage all regulated and interested parties in
16 the development of alternatives that would satisfy the statutory
17 purpose of the proposed major regulation. Public comment under
18 Section 11346.25 shall be taken into consideration and utilized to
19 refine the analysis under this section and to develop additional
20 alternatives. The agency shall consider and address all comments
21 made during the public comment period under Section 11346.25
22 pertaining to its analysis of the alternatives, including why the
23 agency selected the proposed major regulation as compared to the
24 alternatives.

25 (c) The requirements of this section shall be in addition to the
26 analysis required under paragraph (5) of subdivision (b) of Section
27 11346.2.

28 (d) For purposes of this section, “alternative” means any other
29 alternative approach or project that could be, or could have been,
30 considered by the agency in lieu of the proposed major regulation.



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LC Item III.C. **CBA Item X.B.3.c.**
March 22, 2012 March 22-23, 2012

AB 1537 Regulations: Sunset Date

Presented by: Kari O'Connor, Special Projects Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1537 was introduced on January 24, 2012. It is authored by Assembly Member Paul Cook. It has currently been assigned to the Assembly Business and Professions Committee.

This bill would require that any regulation proposed by a state agency with an adverse economic impact of more than \$1,000,000 per year, cumulative on individuals or businesses, must include a two year sunset date within the regulation.

Comments

It is likely that this bill would require many regulations proposed by the CBA to include a sunset date. For example, a proposed regulation to increase renewal fees by \$30 would exceed an adverse economic impact amount of more than \$1,000,000, and the CBA would be required to include a two year sunset date. The Administrative Procedures Act currently requires two economic impact reports to be completed for proposed regulation changes, regardless of the dollar threshold. Both of these impact reports are noticed to the public and reviewed and/or approved by various agencies including the Department of Finance, prior to the regulation being approved by the Office of Administrative Law.

If this bill was enacted, any regulation adopted by the CBA that exceeds the \$1,000,000 threshold would require an amendment every two years. Since the process to amend a regulation can take up to 18 months, staff would spend a significant amount of time keeping regulations in existence.

AB 1537 Regulations: Sunset Date

Page 2 of 2

Recommendation

Staff recommend an Oppose position on AB 1537.

Attachments

AB 1537

ASSEMBLY BILL

No. 1537

Introduced by Assembly Member Cook

January 24, 2012

An act to amend Section 11349.1 of, and to add Section 11346.15 to, the Government Code, relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1537, as introduced, Cook. Regulations: sunset date.

The Administrative Procedure Act governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law.

This bill would require that a regulation proposed on or after January 1, 2013, that is estimated to have an adverse economic impact of more than \$1,000,000 in a year on businesses or individuals subject to the proposed regulation include a provision to repeal the regulation 2 years after the date that the regulation is approved by the office. The bill would require the office to return to an agency any proposed regulation that does not include the repeal provision. The bill would provide that the repeal date shall be void if the Legislature enacts a statute that expressly validates and approves the content of the regulation, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11346.15 is added to the Government
2 Code, to read:

3 11346.15. (a) This section shall apply to any regulation
4 proposed on or after January 1, 2013, that is estimated to have an
5 adverse economic impact of more than one million dollars
6 (\$1,000,000) in a year on businesses or individuals subject to the
7 proposed regulation, as estimated pursuant to Section 11346.3.

8 (b) Every regulation described in subdivision (a) shall include
9 a provision that repeals the regulation two years after the date that
10 the regulation is approved by the office.

11 (c) If the Legislature enacts a statute expressly validating and
12 approving the content of a regulation, and the statute takes effect
13 prior to the repeal date designated for the regulation, then the repeal
14 date shall be void and the regulation shall continue in effect until
15 any later time as may be provided by the validating statute.

16 SEC. 2. Section 11349.1 of the Government Code, as amended
17 by Section 9 of Chapter 496 of the Statutes of 2011, is amended
18 to read:

19 11349.1. (a) The office shall review all regulations adopted,
20 amended, or repealed pursuant to the procedure specified in Article
21 5 (commencing with Section 11346) and submitted to it for
22 publication in the California Code of Regulations Supplement and
23 for transmittal to the Secretary of State and make determinations
24 using all of the following standards:

- 25 (1) Necessity.
- 26 (2) Authority.
- 27 (3) Clarity.
- 28 (4) Consistency.
- 29 (5) Reference.
- 30 (6) Nonduplication.

31 In reviewing regulations pursuant to this section, the office shall
32 restrict its review to the regulation and the record of the rulemaking
33 proceeding. The office shall approve the regulation or order of
34 repeal if it complies with the standards set forth in this section and
35 with this chapter.

36 (b) In reviewing proposed regulations for the criteria in
37 subdivision (a), the office may consider the clarity of the proposed
38 regulation in the context of related regulations already in existence.

1 (c) The office shall adopt regulations governing the procedures
2 it uses in reviewing regulations submitted to it. The regulations
3 shall provide for an orderly review and shall specify the methods,
4 standards, presumptions, and principles the office uses, and the
5 limitations it observes, in reviewing regulations to establish
6 compliance with the standards specified in subdivision (a). The
7 regulations adopted by the office shall ensure that it does not
8 substitute its judgment for that of the rulemaking agency as
9 expressed in the substantive content of adopted regulations.

10 (d) The office shall return any regulation subject to this chapter
11 to the adopting agency if any of the following occur:

12 (1) The adopting agency has not prepared the estimate required
13 by paragraph (6) of subdivision (a) of Section 11346.5 and has not
14 included the data used and calculations made and the summary
15 report of the estimate in the file of the rulemaking.

16 (2) The agency has not complied with Section 11346.3.
17 “Noncompliance” means that the agency failed to complete the
18 economic impact assessment or standardized regulatory impact
19 analysis required by Section 11346.3 or failed to include the
20 assessment or analysis in the file of the rulemaking proceeding as
21 required by Section 11347.3.

22 (3) The adopting agency has prepared the estimate required by
23 paragraph (6) of subdivision (a) of Section 11346.5, the estimate
24 indicates that the regulation will result in a cost to local agencies
25 or school districts that is required to be reimbursed under Part 7
26 (commencing with Section 17500) of Division 4, and the adopting
27 agency fails to do any of the following:

28 (A) Cite an item in the Budget Act for the fiscal year in which
29 the regulation will go into effect as the source from which the
30 Controller may pay the claims of local agencies or school districts.

31 (B) Cite an accompanying bill appropriating funds as the source
32 from which the Controller may pay the claims of local agencies
33 or school districts.

34 (C) Attach a letter or other documentation from the Department
35 of Finance which states that the Department of Finance has
36 approved a request by the agency that funds be included in the
37 Budget Bill for the next following fiscal year to reimburse local
38 agencies or school districts for the costs mandated by the
39 regulation.

1 (D) Attach a letter or other documentation from the Department
2 of Finance which states that the Department of Finance has
3 authorized the augmentation of the amount available for
4 expenditure under the agency’s appropriation in the Budget Act
5 which is for reimbursement pursuant to Part 7 (commencing with
6 Section 17500) of Division 4 to local agencies or school districts
7 from the unencumbered balances of other appropriations in the
8 Budget Act and that this augmentation is sufficient to reimburse
9 local agencies or school districts for their costs mandated by the
10 regulation.

11 (4) The proposed regulation conflicts with an existing state
12 regulation and the agency has not identified the manner in which
13 the conflict may be resolved.

14 (5) The agency did not make the alternatives determination as
15 required by paragraph (4) of subdivision (a) of Section 11346.9.

16 (6) *The regulation does not include provisions for the repeal of*
17 *the regulation, as required by Section 11346.15.*

18 (e) The office shall notify the Department of Finance of all
19 regulations returned pursuant to subdivision (d).

20 (f) The office shall return a rulemaking file to the submitting
21 agency if the file does not comply with subdivisions (a) and (b)
22 of Section 11347.3. Within three state working days of the receipt
23 of a rulemaking file, the office shall notify the submitting agency
24 of any deficiency identified. If no notice of deficiency is mailed
25 to the adopting agency within that time, a rulemaking file shall be
26 deemed submitted as of the date of its original receipt by the office.
27 A rulemaking file shall not be deemed submitted until each
28 deficiency identified under this subdivision has been corrected.

29 (g) Notwithstanding any other law, return of the regulation to
30 the adopting agency by the office pursuant to this section is the
31 exclusive remedy for a failure to comply with subdivision (c) of
32 Section 11346.3 or paragraph (10) of subdivision (a) of Section
33 11346.5.



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LC Item III.D.
March 22, 2012

CBA Item X.B.3.d.
March 22-23, 2012

AB 1588 – Reservist licensees: fees and continuing education

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: February 29, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1588 (**Attachment 1**) was introduced on February 6, 2012. It is authored by Assembly Member Toni Atkins. It has been referred to the Assembly Business and Professions Committee.

This bill would require all boards to waive renewal fees and continuing education (CE) for active duty California National Guard and military reservists. The licensee must have a license in good standing at the time they are called to active duty, and the reservist or spouse must provide satisfactory evidence of active duty service. The waiver only applies to the period of active duty service.

Comments

While this bill has an admirable goal, it has a pair of flaws that the CBA may wish to see addressed. First, there is no public protection in the bill that ensures that such a licensee does not practice their licensed profession following the waiver of the renewal fee and CE. The lack of CE, in this case, is particularly worrisome as that is how the CBA ensures that its licensees are qualified and current with professional standards.

Second, while the fee and CE are waived, there may be other requirements at renewal. The CBA is currently pursuing a regulatory change that will require licensees to submit their peer review reporting form at renewal as well. The bill should give boards the authority to waive other renewal requirements such as the CBA's peer review reporting requirement.

Staff will be reaching out to other major boards in the Department of Consumer Affairs to ascertain their position on AB 1588.

AB 1588 – Reservist licensees: fees and continuing education

Page 2 of 2

Recommendation

Staff recommends that the AB 1588 be amended to address these issues and that the CBA take a position of Support if Amended on AB 1588.

Attachment

AB 1588

ASSEMBLY BILL**No. 1588**

**Introduced by Assembly Member Atkins
(Principal coauthors: Assembly Members Cook and Nielsen)
(Coauthors: Assembly Members Block, Beth Gaines, Pan,
V. Manuel Pérez, Williams, and Yamada)**

February 6, 2012

An act to add Section 114.3 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1588, as introduced, Atkins. Professions and vocations: reservist licensees: fees and continuing education.

Existing law provides for the regulation of various professions and vocations by boards within the Department of Consumer Affairs and for the licensure of individuals in that regard. Existing law authorizes any licensee whose license expired while he or she was on active duty as a member of the California National Guard or the United States Armed Forces to reinstate his or her license without examination or penalty if certain requirements are met.

This bill would require the boards described above to waive the renewal fees and continuing education requirements, if either is applicable, of any licensee who is a reservist called to active duty as a member of the United States Military Reserve or the California National Guard if certain requirements are met.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 114.3 is added to the Business and
2 Professions Code, to read:

3 114.3. Notwithstanding any other provision of law, every board
4 shall waive the renewal fees and continuing education
5 requirements, if either is applicable, for any licensee who is a
6 reservist called to active duty as a member of the United States
7 Military Reserve or the California National Guard if all of the
8 following requirements are met:

9 (a) The licensee was in good standing with the board at the time
10 the reservist was called to active duty.

11 (b) The renewal fees or continuing education requirements are
12 waived only for the period during which the reservist is on active
13 duty service.

14 (c) The active duty reservist, or the active duty reservist's spouse
15 or registered domestic partner, provides written notice satisfactory
16 to the board that substantiates the reservist's active duty service.

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LC Item III.E.
March 22, 2012

CBA Item X.B.3.e.
March 22-23, 2012

AB 1810 – Professions and Vocations: Occupational Regulations

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1810 (**Attachment 1**) was introduced on February 21, 2012. It is authored by Assembly Member Chris Norby. It will be referred to the Assembly Business and Professions Committee. This bill is sponsored by the Institute for Justice (IoJ).

This bill would provide a person with a right to engage in a profession or vocation without the imposition of occupational regulation.

This bill is based on model legislation from the IoJ website on which the IoJ provides their reasoning for the bill (**Attachment 2**). At its core, this bill appears to be a means by which licensing would no longer be required.

Comments

When staff contacted the author's office, staff was told that this bill is a work in progress and that several professions would be exempted from its provisions as the bill moves through the process. These include medical professionals, CPAs, and others. Staff were told that this is directed at vocations where, the IoJ and author believe, no licensing is really needed. One of the examples provided was a case in Georgia where a person is required to have a license to braid hair.

Recommendation

While the bill warrants an Oppose position as it is currently written, staff recommends that the CBA take a position of Watch on AB 1810 to ensure that the CBA is, indeed, exempted from the bill. Further, staff recommend that should the bill pass its first committee without being amended, the CBA's position be changed to Oppose and a letter be sent to the author expressing the CBA's concerns.

Attachments

AB 1810

Model Economic Liberty Law

ASSEMBLY BILL**No. 1810**

Introduced by Assembly Member NorbyFebruary 21, 2012

An act to add Section 37 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1810, as introduced, Norby. Professions and vocations: occupational regulations.

Existing law provides for the licensure and regulation of various professions and vocations by state agencies. Under existing law, protection of the public is the highest priority for those state agencies in exercising their licensing, regulatory, and disciplinary functions.

This bill would provide a person with a right to engage in a lawful profession or vocation without the imposition of an occupational regulation, as defined, that imposes a substantial burden on a person unless the state or other person relying upon the occupational regulation demonstrates that it has a compelling interest in protecting against harm to the public health or safety, and the occupational regulation is the least restrictive means of furthering that interest. The bill would authorize a person to bring an action for declaratory judgment or equitable relief for a violation of that right. The bill would also authorize a person to assert as a defense the right to engage in a lawful profession or vocation in a proceeding to enforce a violation of that right. The bill would declare the intent of the Legislature in this regard.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 37 is added to the Business and
2 Professions Code, to read:
3 37. (a) It is the intent of the Legislature to ensure that a person
4 may pursue a lawful profession or vocation free from unnecessary
5 regulations and protect against the misuse of occupational
6 regulations to reduce competition and increase prices to consumers.
7 (b) Notwithstanding any other provision of law, a person shall
8 have a right to engage in a lawful profession or vocation without
9 the imposition of an occupational regulation that imposes a
10 substantial burden on a person, unless the state or other person
11 relying upon the occupational regulation demonstrates that the
12 state has a compelling interest in protecting against present and
13 recognizable harm to public health or safety, and the occupational
14 regulation is the least restrictive means of furthering that
15 compelling interest.
16 (c) A person may bring an action for a declaratory judgment or
17 injunctive relief or other equitable relief for a violation of
18 subdivision (b).
19 (d) A person may assert as a defense the right to engage in a
20 lawful profession or vocation in any judicial or administrative
21 proceeding to enforce an occupational regulation that violates
22 subdivision (b).
23 (e) A person who brings an action or asserts a defense under
24 this section has the initial burden of proof to demonstrate that an
25 occupational regulation substantially burdens the person’s right
26 to engage in a lawful profession or vocation.
27 (f) If the person meets the burden of proof under subdivision
28 (e), the state or other person relying upon the occupational
29 regulation shall demonstrate by clear and convincing evidence that
30 the state has a compelling interest in protecting against present
31 and recognizable harm to the public health or safety, and that the
32 occupational regulation is the least restrictive means for furthering
33 that compelling interest.
34 (g) A court shall liberally construe this section to protect the
35 right established in subdivision (b). A court shall make its own
36 findings of fact and conclusions of law. A court shall not grant
37 any weight to a legislative declaration of harm to the public health

1 or safety, or a declaration that the regulation is the least restrictive
2 means of furthering a compelling state interest.

3 (h) For the purposes of this section, the following terms shall
4 have the following meanings:

5 (1) (A) “Certification” is a voluntary program for which the
6 Legislature establishes the criteria to grant recognition to a person
7 who has met predetermined qualifications. The person who meets
8 the qualification may use “certified” as a designated title, or
9 advertise that the person holds a “certification.” Using the title
10 “certified” or advertising the holding of a certification by a person
11 who has not met the qualifications is against the law.

12 (B) A person who does not participate in the voluntary program
13 for certification or who does not meet the qualifications for
14 certification may, nonetheless, perform the lawful profession or
15 vocation for compensation.

16 (2) “Court” means a court, administrative tribunal, or other
17 government agency acting in a judicial or quasi-judicial capacity.

18 (3) (A) “Lawful profession or vocation” means a course of
19 conduct, pursuit, or profession that includes the sale of goods or
20 services that are not themselves illegal to sell irrespective of
21 whether the person selling them is subject to an occupational
22 regulation.

23 (B) For the purposes of this section, “lawful profession or
24 vocation” shall not include the work of a person employed by the
25 government or acting as a legally recognized fiduciary.

26 (4) “Least restrictive” occupational regulations include, from
27 least to most restrictive, (A) a provision for private civil action to
28 remedy consumer harm, (B) a provision requiring inspection related
29 to a lawful profession or vocation, (C) a provision requiring the
30 posting of a bond related to a lawful profession or vocation, (D)
31 certification as defined in this section, and (E) a license as defined
32 in this section.

33 (5) “License” is a nontransferable authorization to perform a
34 lawful profession or vocation for compensation based on meeting
35 predetermined qualifications established by the Legislature, such
36 as (A) satisfactory completion of an approved education program,
37 and (B) acceptable performance on a qualifying examination or
38 series of examinations. It is unlawful for nonlicensed persons to
39 perform the profession or vocation for compensation. Licensing
40 is the most restrictive form of occupational regulation.

1 (6) “Occupational regulation” means a statute, rule, ordinance,
2 practice, policy, or other government-prescribed requirement for
3 a person to engage in a lawful profession or vocation.

4 (7) (A) “Professional registration” means a requirement
5 established by the Legislature pursuant to which a person (i)
6 submits notification pursuant to subparagraph (B) to a state agency,
7 and (ii) may use “registered” as a designated title. Professional
8 registration may include a requirement to post a bond related to a
9 lawful profession or vocation, but it does not include education or
10 experience requirements.

11 (B) The notification shall include the person’s name and address,
12 the person’s agent for service of process, the location where the
13 person engages in the profession or vocation, and a description of
14 the service the person provides.

15 (C) It shall be unlawful for a person to perform a lawful
16 profession or vocation for compensation while using “registered”
17 as a designated title, or advertising that he or she holds a
18 registration if he or she has not met the requirements of
19 professional registration.

20 (8) “Substantial burden” means a legal or other regulatory
21 obstacle that imposes significant difficulty or cost on a person
22 seeking to enter into or continue in a lawful profession or vocation.
23 A substantial burden is a burden that is more than incidental.

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**Attachment 2****Model Economic Liberty Law
Statutory Right to an Occupation**

Occupational licensing is one of the biggest issues in labor economics today. More than 29% of workers need a government-issued license to work. That represents a seven-fold increase from the 4% rate of licensed workers in the 1950's. It also dwarfs today's rates of unionism at 13% of workers and minimum-wage earners at 2% of all hourly-paid workers.

But licensing is more than big. It presents some significant public-policy issues. Licensing creates barriers to entry into occupations. In doing so, it shrinks the available number of jobs, lowers competition and increases prices to consumers by 15% or more. Unfortunately, these costs are not offset by additional consumer protection because licensing is generally an ineffective screen for frauds and incompetents.

Licensing also diverts resources to the political process. Trade associations and their lobbyists petition state governments for more regulations in order to increase the pay of members and the dues paid to association executives and lobbyists. Their interest in getting ever-more regulations reflects the public-choice problem that the benefits of regulations tend to be concentrated among the relatively limited number of licensees whose advocates prowl the halls of state capitols. By contrast, the higher costs are dispersed among millions of consumers who remain rationally uninvolved in the redistribution of wealth happening at state capitols across the nation.

Fortunately a growing number of state legislators are tiring of the endless parade of rent-seeking trade associations. To help them, the Institute for Justice has written model legislation that creates a statutory right to an occupation. To ensure that regulations are targeted at protecting health and safety, the legislation requires legislators to find real harm before they enact legislation and to use the least restrictive means to address the harm. Similarly, it says to licensing boards that they too should find specific harm before issuing cease-and-desist letters. Finally, it says to judges that the burden falls on the government to justify restrictions on the right to pursue a legal occupation.

This shift in the regulatory landscape will stop the growth of additional barriers-to-entry in occupations, increase jobs and competition, and lower costs to consumers. It is a win-win situation for everyone except trade associations and lobbyists.

- from Institute of Justice website at <http://www.ij.org/legislation/3907>.



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LC Item III.F.
March 22, 2012

CBA Item X.B.3.f.
March 22-23, 2012

AB 1904 – Military Spouses: temporary licenses

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: February 29, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1904 (**Attachment 1**) was introduced on February 22, 2012. It is authored by Assembly Member Marty Block. It will be referred to the Assembly Business and Professions Committee.

This bill would authorize all boards to issue a 180-day, temporary license to an applicant who meets the following requirements:

- Supplies evidence they are married or in a domestic partnership with an active duty member of the of the armed forces who is assigned to a duty station in California;
- Holds a valid license in another jurisdiction that is substantially equivalent to California;
- Has not had their license disciplined or committed an act that would have been cause for discipline in California; or is not currently involved in an unresolved complaint;
- Pays a fee and submits fingerprints as required by the board.

The bill requires the board to expedite the procedure for issuing a temporary license. It also grants the board the authority to extend the temporary license for an additional 180 days.

Staff will be reaching out to other major boards in the Department of Consumer Affairs to ascertain their position on AB 1904.

Comments

The purpose of this bill is to allow time for military spouses to apply for and obtain a permanent license. A practice privilege may not have the same benefit because the

AB 1904 – Military Spouses: temporary licenses

Page 2 of 2

practice privilege statutes require that the person's principle place of business be outside of California. This bill would enable such a person to almost immediately set up their practice when their spouse is transferred to California.

The National Association of State Boards of Accountancy (NASBA) has contacted its members to bring several potential legislative items to their attention (**Attachment 2**). It seems that there are several military related licensing bills that are being introduced around the country this year. NASBA points out that some of these may have adverse implications for "no notice, no fee" mobility. This bill's provisions are referenced on page 2 in the first full paragraph. NASBA points out that the provisions of this bill would be an unnecessary hurdle in a state with "no notice, no fee" mobility.

As California does not currently have mobility as described by NASBA, this bill would, under current law, genuinely assist military spouses entering California to practice. However, even if California were to pass NASBA's version of mobility at a later date, or even concurrently with AB 1904, this bill is permissive in nature. The CBA would not be required to issue the temporary license if NASBA's version of mobility became law in California.

If enacted, and absent "no notice, no fee" mobility, this bill would need regulations to implement the program. These would include defining which jurisdictions are considered substantially equivalent to California, what fee would be charged, and specifying what evidence would be acceptable to the CBA for proof of active duty assigned to a duty station in California and possibly even what proof of relationship would be required.

Recommendation

Staff recommends that the CBA take a position of Support on AB 1904.

Attachment

AB 1904

NASBA – Occupational Licensing – Military Members & Spouses

ASSEMBLY BILL**No. 1904**

Introduced by Assembly Members Block, Butler, and CookFebruary 22, 2012

An act to add Section 115.5 to the Business and Professions Code, relating to professions and vocations, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1904, as introduced, Block. Professions and vocations: military spouses: temporary licenses.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law provides for the issuance of reciprocal licenses in certain fields where the applicant, among other requirements, has a license to practice within that field in another jurisdiction, as specified. Under existing law, licensing fees imposed by certain boards within the department are deposited in funds that are continuously appropriated.

This bill would authorize a board within the department to issue a temporary license to an applicant who, among other requirements, holds an equivalent license in another jurisdiction, as specified, and is married to, or in a legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in California under official active duty military orders. The bill would require a board to expedite the process for issuing these temporary licenses. The bill would require the applicant to pay any fees required by the board and would require that those fees be deposited in the fund used by the board to administer its licensing program. To the extent that the bill would

increase the amount of money deposited into a continuously appropriated fund, the bill would make an appropriation.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 115.5 is added to the Business and
2 Professions Code, to read:

3 115.5. (a) A board within the department may issue a
4 temporary license to an applicant who meets all of the following
5 requirements:

6 (1) Submits an application in the manner prescribed by the
7 board.

8 (2) Supplies evidence satisfactory to the board that the applicant
9 is married to, or in a domestic partnership or other legal union
10 with, an active duty member of the Armed Forces of the United
11 States who is assigned to a duty station in this state under official
12 active duty military orders.

13 (3) Holds a current license in another state, district, or territory
14 of the United States with the requirements that the board determines
15 are substantially equivalent to those established under this code
16 for that occupation.

17 (4) Has not committed an act in any jurisdiction that would have
18 constituted grounds for denial, suspension, or revocation of the
19 license under this code at the time the act was committed.

20 (5) Has not been disciplined by a licensing entity in another
21 jurisdiction and is not the subject of an unresolved complaint,
22 review procedure, or disciplinary proceeding conducted by a
23 licensing entity in another jurisdiction.

24 (6) Pays any fees required by the board. Those fees shall be
25 deposited in the applicable fund or account used by the board to
26 administer its licensing program.

27 (7) Submits fingerprints and any applicable fingerprinting fee
28 in the manner required of an applicant for a regular license.

29 (b) A board shall expedite the procedure for issuing a temporary
30 license pursuant to this section.

31 (c) A temporary license issued under this section shall be valid
32 for 180 days, except that the license may, at the discretion of the

- 1 board, be extended for an additional 180-day period on application
- 2 of the license holder.
- 3 (d) A board may adopt regulations necessary to administer this
- 4 section.

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National Association of State Boards of Accountancy

Occupational Licensing – Military Members & Spouses

To State Board Chairs/Presidents and Executive Directors:

Recent, well-intended legislation has been introduced in a number of states that may create a potential danger to public protection and have substantial adverse implications for mobility by undermining the Uniform CPA Exam and the 150-hour education requirement, both essential elements to licensing appropriately competent CPAs. The threat is compounded by the fact that although the legislation would directly affect state boards of accountancy, the proposed changes are typically being made to parts of state statutes other than the accountancy acts for the proposed law to apply to all licensed occupations in a state. Thus, some state boards might not become aware of the legislation until it is too late.

As a means of outreach through NASBA's state board relations initiative, we want to make you aware of this issue and to encourage all state boards to closely monitor all relevant bills being introduced in your respective state legislatures. Monitoring such legislation will ensure that if a bill is introduced, it does not pose public protection problems by undermining the basis of licensure of a CPA in your state, creating additional, unnecessary administrative hurdles or, in this particular instance, creating additional administrative pathways for the licensure of military and/or military spouses in your state.

Some proposals, by their own terms, apply to *the issuance* rather than the renewal of licenses. Pertinent provisions govern not only reciprocal licensure but also initial licensure and seem to allow, and even encourage, a licensing board to deem a military occupational specialty to be "substantially equivalent" to all the requirements for professional licensure in a state without mention or apparent regard for minimum licensure requirements such as completing 150-hours of education, passing the Uniform CPA Exam, or obtaining one year of professional experience. It is noteworthy that examples of the legislation we have seen thus far have exempted doctors and lawyers from the proposals.

Specifically, the Uniform Accountancy Act (UAA) and the adopted laws of almost every state require passage of the Uniform CPA Examination and 150-hours of education for new licensees (UAA Section 23(a)(2)). Thus, these amendments— if enacted without requiring requisite education, experience and examination— appear to take a state and its licensees out of the category of a "substantially

equivalent state” under the UAA.

In the limited amount of time we have been able to review this matter, we have been unable to identify any state that grants waivers for either the Uniform CPA Exam or the requisite education to military personnel seeking new CPA licenses. The proposed bills would apparently allow original licensure for any profession, for any military personnel who have obtained relevant occupational specialties.

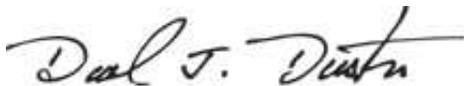
Ironically, because the accountancy laws are uniquely conducive to mobility, some aspects of the proposed laws are not needed for CPAs. For example, a provision that would allow military spouses who are licensed CPAs to easily practice in another state is not only unnecessary, but actually includes some hurdles that currently might not be required for substantially equivalent CPAs under the UAA.

Some bills also create a potential waiver of continuing education requirements for persons currently holding a license. Similar provisions have been adopted in many states for all licensed occupations and do not appear to pose a substantive threat to mobility.

Again, it is important that your board monitor the bills being introduced in your state to ensure public protection and the credibility of the accounting profession.

If you have any questions or would like assistance from NASBA on this matter, please do not hesitate to contact me at 615-880-4208 or via e-mail at ddustin@nasba.org.

Sincerely,



Daniel J. Dustin, CPA
Vice President, State Board Relations

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Phone: 615-880-4200 | Website: www.nasba.org

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LC Item III.G.
March 22, 2012

CBA Item X.B.3.g.
March 22-23, 2012

AB 1914 – Agency Reports

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1914 (**Attachment 1**) was introduced on February 22, 2012. It is authored by Assembly Member Martin Garrick. It will most likely be referred to the Assembly Business and Professions Committee.

This bill would require any agency that is required to submit a report to the Legislature to submit a report of all the outstanding reports that are, or will be, due. This report of reports is due annually by April 1. The report would detail the progress that has been made on each report and explain why any overdue reports have not yet been submitted.

In addition, the bill states Legislative intent to withhold appropriations from any agency that fails to submit timely reports.

Comments

While this bill's goal of legislative oversight is admirable, it could be questionable to require yet another annual report to determine if agencies are doing their reports.

The CBA is current with all of its reporting responsibilities. The CBA has three reports with upcoming due dates to the Legislature. The CBA reports annually, by June 1, on the terms of contracts with enforcement consultants (Business and Professions Code (B&P) Section 5025.1). There is also a sunset review report that will be due before October, 2014 (B&P Sec. 5000) and a peer review report due on January 1, 2015 (B&P Sec. 5076).

The final subsection of the bill dealing with the legislative intent language is concerning. First, since it is intent language, there is no guarantee that it would or would not occur. Second, it is not clear which reports they are talking about. Is it the reports that are

AB 1914 – Agency Reports

Page 2 of 2

being reported on, or is it the report on the reports? Third, how hard and fast of a deadline is it? Would an agency receive a reminder, a warning, one late report, etc., or would any late report mean no appropriation? And finally, there is no mechanism for the funding to be restored to the agency.

Recommendation

Staff recommends that the CBA take a position of Oppose on AB 1914.

Attachment

AB 1914

ASSEMBLY BILL**No. 1914**

Introduced by Assembly Member GarrickFebruary 22, 2012

An act to add Section 9796 to the Government Code, relating to state and local agency reports.

LEGISLATIVE COUNSEL'S DIGEST

AB 1914, as introduced, Garrick. Agency reports.

Existing law specifies how reports required or requested by law to be submitted by a state or local agency to the Members of either house of the Legislature generally are to be submitted.

This bill would require each state or local agency that is required to submit one or more reports to the Legislature to submit, by April 1 of each year, a list of all reports the agency has not yet submitted to the Legislature along with a status summary for each report, including a statement explaining why any overdue report has not yet been submitted. In addition, the bill would state the intent of the Legislature to withhold appropriations for an agency that fails to submit timely reports.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 9796 is added to the Government Code,
2 to read:
3 9796. (a) For purposes of this section, "report" means a report
4 required by law to be submitted by a state or local agency to the
5 Members of either house of the Legislature generally that the

1 agency is required to submit pursuant to a provision of law that is
2 effective on or after January 1, 2013.

3 (b) By April 1 of each year, each state or local agency that is
4 required to submit one or more reports shall submit to the
5 Legislature a list of all reports the agency has not yet submitted to
6 the Legislature as of that date. The list shall include a status
7 summary for each report and a statement explaining why any
8 overdue report has not yet been submitted.

9 (c) It is the intent of the Legislature to withhold appropriations
10 for an agency that fails to submit timely reports.



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LC Item III.H. CBA Item X.B.3.h.
March 22, 2012 March 22-23, 2012

AB 1982 – Regulations: Effective Date: Legislative Review

Presented by: Kari O'Connor, Special Projects Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the California Board of Accountancy (CBA) to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 1982 (**Attachment 1**) was introduced on February 23, 2012. It is authored by Assembly Member Don Wagner. As of the date of this memo, it has not been assigned to a committee.

This bill would affect the regulatory process in the following ways:

- Make regulations effective 90 days after approval by the Office of Administrative Law (OAL).
- Require a major regulation (a regulation that has an expected economic impact exceeding \$50,000,000¹) to be submitted to the Legislature, which can override the regulation, via passage of a statute.

Comments

Presently, a regulation is typically effective 30 days after approval from the OAL. Because the rulemaking process can already take up to 18 months, this bill would lengthen the timeframe for regulations to take effect. Additionally, it gives authority to the Legislature to pass a statute to override the regulation, even if the regulation has met the requirement of the Administrative Procedures Act and been approved by the OAL.

¹ AB 1504 (see **Agenda Item X.B.3.b.**) proposes changing this amount to \$25,000,000.

AB 1982 – Regulations: Effective Date: Legislative Review

Page 2 of 2

Recommendation

CBA staff recommend an Oppose position on AB 1982.

Attachments

AB 1982

ASSEMBLY BILL**No. 1982**

Introduced by Assembly Member WagnerFebruary 23, 2012

An act to amend Sections 11343.4 and 11349.3 of the Government Code, relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1982, as introduced, Wagner. Regulations: effective date: legislative review.

The Administrative Procedure Act governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. That act requires an agency, prior to submitting a proposal to adopt, amend, or repeal an administrative regulation, to determine the economic impact of that regulation, in accordance with certain procedures. That act defines a major regulation as a regulation that the agency determines has an expected economic impact on California business enterprises and individuals in an amount exceeding \$50,000,000. That act requires the office to transmit a copy of a regulation to the Secretary of State for filing if the office approves the regulation or fails to act on it within 30 days. That act provides that a regulation or an order of repeal of a regulation becomes effective on the 30th day after it is filed with the Secretary of State, unless prescribed conditions occur.

This bill would require the office to submit to the Legislature for review a copy of each major regulation that it submits to the Secretary of State. This bill would extend the time period that a regulation becomes effective after being filed with the Secretary of State from 30

days to 90 days. This bill would specify that the list of prescribed conditions that prevent a regulation from becoming effective include a statutory override of the regulation.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11343.4 of the Government Code is
2 amended to read:

3 11343.4. A regulation or an order of repeal required to be filed
4 with the Secretary of State shall become effective on the ~~30th~~ *90th*
5 day after the date of filing unless:

6 (a) Otherwise specifically provided by the statute pursuant to
7 which the regulation or order of repeal was adopted, in which event
8 it becomes effective on the day prescribed by the statute.

9 (b) A later date is prescribed by the state agency in a written
10 instrument filed with, or as part of, the regulation or order of repeal.

11 (c) The agency makes a written request to the office
12 demonstrating good cause for an earlier effective date, in which
13 case the office may prescribe an earlier date.

14 (d) *The Legislature passes a statute to override the regulation.*

15 SEC. 2. Section 11349.3 of the Government Code is amended
16 to read:

17 11349.3. (a) (1) The office shall either approve a regulation
18 submitted to it for review and transmit it to the Secretary of State
19 for filing or disapprove it within 30 working days after the
20 regulation has been submitted to the office for review. If the office
21 fails to act within 30 days, the regulation shall be deemed to have
22 been approved and the office shall transmit it to the Secretary of
23 State for filing.

24 (2) *The office shall submit a copy of each major regulation*
25 *submitted to the Secretary of State pursuant to paragraph (1) to*
26 *each house of the Legislature for review.*

27 (b) If the office disapproves a regulation, it shall return it to the
28 adopting agency within the 30-day period specified in subdivision
29 (a) accompanied by a notice specifying the reasons for disapproval.
30 Within seven calendar days of the issuance of the notice, the office
31 shall provide the adopting agency with a written decision detailing
32 the reasons for disapproval. No regulation shall be disapproved

1 except for failure to comply with the standards set forth in Section
2 11349.1 or for failure to comply with this chapter.

3 (c) If an agency determines, on its own initiative, that a
4 regulation submitted pursuant to subdivision (a) should be returned
5 by the office prior to completion of the office's review, it may
6 request the return of the regulation. All requests for the return of
7 a regulation shall be memorialized in writing by the submitting
8 agency no later than one week following the request. Any
9 regulation returned pursuant to this subdivision shall be resubmitted
10 to the office for review within the one-year period specified in
11 subdivision (b) of Section 11346.4 or shall comply with Article 5
12 (commencing with Section 11346) prior to resubmission.

13 (d) The office shall not initiate the return of a regulation pursuant
14 to subdivision (c) as an alternative to disapproval pursuant to
15 subdivision (b).

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LC Item III.I. CBA Item X.B.3.i.
March 22, 2012 March 22-23, 2012

AB 2022 – Controller: Financial Information Request

Presented by: Kari O'Connor, Special Projects Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the California Board of Accountancy (CBA) to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 2022 (**Attachment 1**) was introduced on February 23, 2012. It is authored by Assembly Member Don Wagner. As of the date of this memo, it has not been assigned to a committee.

This bill would require an agency to provide its budget and/or salary information to the State Controller, upon request.

Comments

This bill, as currently written, would not greatly affect or change any current processes at the CBA. The CBA would currently respond to any request for budget and or/salary information in a timely matter.

Recommendation

Due to the possibility that more provisions may be added to this bill, staff recommend a Watch position on AB 2022.

Attachments

AB 2022

ASSEMBLY BILL**No. 2022****Introduced by Assembly Member Wagner**

February 23, 2012

An act to add Section 12414 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 2022, as introduced, Wagner. Controller: financial information request.

Existing law requires the Controller to superintend the fiscal concerns of the state. Existing law requires the Controller to, among other things, audit all claims against the state, account for expenditures as scheduled in the Budget Act, and report monthly on each state agency's annual expenditure plan.

This bill would require a state agency to provide the Controller with its budget or salary information, or both, if requested by the Controller. This bill would state that it is the intent of the Legislature that the University of California comply with this provision, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 12414 is added to the Government Code,
- 2 to read:
- 3 12414. (a) The Controller may require a state agency, including
- 4 the California State University, to provide him or her with the
- 5 agency's budget or salary information, or both.

1 (b) It is the intent of the Legislature that, as a condition of
2 receiving funds appropriated in the annual Budget Act, the
3 University of California shall comply with subdivision (a) with
4 respect to the funding it receives from the annual Budget Act.

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LC Item III.J.
March 22, 2012

CBA Item X.B.3.j.
March 22-23, 2012

AB 2041 – Regulations: Adoption: Disability Access

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 2041 (**Attachment 1**) was introduced on February 23, 2012. It is authored by Assembly Member Sandré Swanson. It will be referred to the Assembly Business and Professions Committee.

This bill would require a specific statement be placed in the Notice of Proposed Action for every rulemaking. The statement would indicate that a narrative description of the proposed changes will be provided upon request and that fulfilling such a request may require an extension of the public comment period so that the requestor has 45 days to make a comment. While the agency may hold the regulatory hearing as scheduled, it may not adopt the regulation until the requestor has made a comment or until the 45-days have expired.

Comments

The purpose of this bill is to accommodate those who are visually impaired. Similar bills have been introduced over the last few years, but this one appears to be much improved. While it still gives an additional 45 days to a requestor, it does not restart the comment period for everyone. Additionally, it appears that the public hearing could still be held as planned. And, although the agency could not adopt the proposal at the hearing, it could delegate to the executive officer the ability to adopt should no adverse comments be received. This would cut down on the additional time significantly.

The goal of the bill is admirable, and with the changes from previous versions, it appears to be a good bill.

Recommendation

Staff recommends that the CBA take a position of Support on AB 2041.

Attachment

AB 2041

ASSEMBLY BILL**No. 2041**

Introduced by Assembly Member SwansonFebruary 23, 2012

An act to amend Section 11346.5 of the Government Code, relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2041, as introduced, Swanson. Regulations: adoption: disability access.

Existing state and federal law prohibits the exclusion of a qualified individual with a disability, by reason of that disability, from participation in or equal access to the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by a public entity. Federal regulations require a public entity to take appropriate steps to ensure that communications with participants and members of the public with disabilities are as effective as communications with others. These regulations also require a public entity to furnish appropriate auxiliary aids and services where necessary to afford an individual with a disability an equal opportunity to participate in, and enjoy the benefits of, a service, program, or activity conducted by a public entity.

Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law requires an agency to publish a notice of proposed action that includes specified information, at least 45 days prior to a hearing and the close of the public comment period. Existing law requires an agency that proposes certain regulations, upon a request

from a person with a visual disability or other disability for which effective communication is required under state or federal law, to provide that person a narrative description of the proposed regulation, as prescribed, and requires an extended public comment period for that person.

This bill would require an agency to include within the notice of proposed action a specified statement regarding the availability of narrative descriptions for persons with visual or other specified disabilities.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11346.5 of the Government Code is
2 amended to read:

3 11346.5. (a) The notice of proposed adoption, amendment, or
4 repeal of a regulation shall include the following:

5 (1) A statement of the time, place, and nature of proceedings
6 for adoption, amendment, or repeal of the regulation.

7 (2) Reference to the authority under which the regulation is
8 proposed and a reference to the particular code sections or other
9 provisions of law that are being implemented, interpreted, or made
10 specific.

11 (3) An informative digest drafted in plain English in a format
12 similar to the Legislative Counsel’s digest on legislative bills. The
13 informative digest shall include the following:

14 (A) A concise and clear summary of existing laws and
15 regulations, if any, related directly to the proposed action and of
16 the effect of the proposed action.

17 (B) If the proposed action differs substantially from an existing
18 comparable federal regulation or statute, a brief description of the
19 significant differences and the full citation of the federal regulations
20 or statutes.

21 (C) A policy statement overview explaining the broad objectives
22 of the regulation and the specific benefits anticipated by the
23 proposed adoption, amendment, or repeal of a regulation, including,
24 to the extent applicable, nonmonetary benefits such as the
25 protection of public health and safety, worker safety, or the
26 environment, the prevention of discrimination, the promotion of

1 fairness or social equity, and the increase in openness and
2 transparency in business and government, among other things.

3 (D) An evaluation of whether the proposed regulation is
4 inconsistent or incompatible with existing state regulations.

5 (4) Any other matters as are prescribed by statute applicable to
6 the specific state agency or to any specific regulation or class of
7 regulations.

8 (5) A determination as to whether the regulation imposes a
9 mandate on local agencies or school districts and, if so, whether
10 the mandate requires state reimbursement pursuant to Part 7
11 (commencing with Section 17500) of Division 4.

12 (6) An estimate, prepared in accordance with instructions
13 adopted by the Department of Finance, of the cost or savings to
14 any state agency, the cost to any local agency or school district
15 that is required to be reimbursed under Part 7 (commencing with
16 Section 17500) of Division 4, other nondiscretionary cost or
17 savings imposed on local agencies, and the cost or savings in
18 federal funding to the state.

19 For purposes of this paragraph, “cost or savings” means
20 additional costs or savings, both direct and indirect, that a public
21 agency necessarily incurs in reasonable compliance with
22 regulations.

23 (7) If a state agency, in proposing to adopt, amend, or repeal
24 any administrative regulation, makes an initial determination that
25 the action may have a significant, statewide adverse economic
26 impact directly affecting business, including the ability of
27 California businesses to compete with businesses in other states,
28 it shall include the following information in the notice of proposed
29 action:

30 (A) Identification of the types of businesses that would be
31 affected.

32 (B) A description of the projected reporting, recordkeeping, and
33 other compliance requirements that would result from the proposed
34 action.

35 (C) The following statement: “The (name of agency) has made
36 an initial determination that the (adoption/amendment/repeal) of
37 this regulation may have a significant, statewide adverse economic
38 impact directly affecting business, including the ability of
39 California businesses to compete with businesses in other states.

40 The (name of agency) (has/has not) considered proposed

1 alternatives that would lessen any adverse economic impact on
2 business and invites you to submit proposals. Submissions may
3 include the following considerations:

4 (i) The establishment of differing compliance or reporting
5 requirements or timetables that take into account the resources
6 available to businesses.

7 (ii) Consolidation or simplification of compliance and reporting
8 requirements for businesses.

9 (iii) The use of performance standards rather than prescriptive
10 standards.

11 (iv) Exemption or partial exemption from the regulatory
12 requirements for businesses.”

13 (8) If a state agency, in adopting, amending, or repealing any
14 administrative regulation, makes an initial determination that the
15 action will not have a significant, statewide adverse economic
16 impact directly affecting business, including the ability of
17 California businesses to compete with businesses in other states,
18 it shall make a declaration to that effect in the notice of proposed
19 action. In making this declaration, the agency shall provide in the
20 record facts, evidence, documents, testimony, or other evidence
21 upon which the agency relies to support its initial determination.

22 An agency’s initial determination and declaration that a proposed
23 adoption, amendment, or repeal of a regulation may have or will
24 not have a significant, adverse impact on businesses, including the
25 ability of California businesses to compete with businesses in other
26 states, shall not be grounds for the office to refuse to publish the
27 notice of proposed action.

28 (9) A description of all cost impacts, known to the agency at
29 the time the notice of proposed action is submitted to the office,
30 that a representative private person or business would necessarily
31 incur in reasonable compliance with the proposed action.

32 If no cost impacts are known to the agency, it shall state the
33 following:

34 “The agency is not aware of any cost impacts that a
35 representative private person or business would necessarily incur
36 in reasonable compliance with the proposed action.”

37 (10) A statement of the results of the economic impact
38 assessment required by subdivision (b) of Section 11346.3 or the
39 standardized regulatory impact analysis if required by subdivision
40 (c) of Section 11346.3, a summary of any comments submitted to

1 the agency pursuant to subdivision (f) of Section 11346.3 and the
2 agency's response to those comments.

3 (11) The finding prescribed by subdivision (d) of Section
4 11346.3, if required.

5 (12) A statement that the action would have a significant effect
6 on housing costs, if a state agency, in adopting, amending, or
7 repealing any administrative regulation, makes an initial
8 determination that the action would have that effect. In addition,
9 the agency officer designated in paragraph (14), shall make
10 available to the public, upon request, the agency's evaluation, if
11 any, of the effect of the proposed regulatory action on housing
12 costs.

13 (13) A statement that the adopting agency must determine that
14 no reasonable alternative considered by the agency or that has
15 otherwise been identified and brought to the attention of the agency
16 would be more effective in carrying out the purpose for which the
17 action is proposed, would be as effective and less burdensome to
18 affected private persons than the proposed action, or would be
19 more cost-effective to affected private persons and equally effective
20 in implementing the statutory policy or other provision of law. For
21 a major regulation, as defined by Section 11342.548, proposed on
22 or after November 1, 2013, the statement shall be based, in part,
23 upon the standardized regulatory impact analysis of the proposed
24 regulation, as required by Section 11346.3, as well as upon the
25 benefits of the proposed regulation identified pursuant to
26 subparagraph (C) of paragraph (3).

27 (14) The name and telephone number of the agency
28 representative and designated backup contact person to whom
29 inquiries concerning the proposed administrative action may be
30 directed.

31 (15) The date by which comments submitted in writing must
32 be received to present statements, arguments, or contentions in
33 writing relating to the proposed action in order for them to be
34 considered by the state agency before it adopts, amends, or repeals
35 a regulation.

36 (16) Reference to the fact that the agency proposing the action
37 has prepared a statement of the reasons for the proposed action,
38 has available all the information upon which its proposal is based,
39 and has available the express terms of the proposed action, pursuant
40 to subdivision (b).

1 (17) A statement that if a public hearing is not scheduled, any
2 interested person or his or her duly authorized representative may
3 request, no later than 15 days prior to the close of the written
4 comment period, a public hearing pursuant to Section 11346.8.

5 (18) A statement indicating that the full text of a regulation
6 changed pursuant to Section 11346.8 will be available for at least
7 15 days prior to the date on which the agency adopts, amends, or
8 repeals the resulting regulation.

9 (19) A statement explaining how to obtain a copy of the final
10 statement of reasons once it has been prepared pursuant to
11 subdivision (a) of Section 11346.9.

12 (20) If the agency maintains an Internet Web site or other similar
13 forum for the electronic publication or distribution of written
14 material, a statement explaining how materials published or
15 distributed through that forum can be accessed.

16 (21) *A statement that the agency shall provide, upon request, a*
17 *description of the proposed changes included in the proposed*
18 *action, in the manner provided by Section 11346.6, to*
19 *accommodate a person with a visual or other disability for which*
20 *effective communication is required under state or federal law and*
21 *that providing the description of proposed changes may require*
22 *extending the period of public comment for the proposed action.*

23 (b) The agency representative designated in paragraph (14) of
24 subdivision (a) shall make available to the public upon request the
25 express terms of the proposed action. The representative shall also
26 make available to the public upon request the location of public
27 records, including reports, documentation, and other materials,
28 related to the proposed action. If the representative receives an
29 inquiry regarding the proposed action that the representative cannot
30 answer, the representative shall refer the inquiry to another person
31 in the agency for a prompt response.

32 (c) This section shall not be construed in any manner that results
33 in the invalidation of a regulation because of the alleged inadequacy
34 of the notice content or the summary or cost estimates, or the
35 alleged inadequacy or inaccuracy of the housing cost estimates, if
36 there has been substantial compliance with those requirements.



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LC Item III.K.
March 22, 2012

CBA Item X.B.3.k.
March 22-23, 2012

AB 2570 – Licensees: settlement agreements

Presented by: Matthew Stanley, Legislation/Regulation Analyst
Date: March 2, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

AB 2570 (**Attachment 1**) was introduced on February 24, 2012. It is authored by Assembly Member Jerry Hill. It will be referred to the Assembly Business and Professions Committee.

This bill prohibits a licensee from including, or permitting to be included, in a civil suit settlement agreement a provision that prohibits the other party from contacting, filing a complaint, or cooperating with the board. The bill also prohibits the board from requiring, in a disciplinary action related to a civil suit, additional monies to be paid to any plaintiff in a civil suit that is already settled.

Comments

This bill makes a very good move towards ensuring consumer protection by prohibiting settlement agreements that protect a licensee from license discipline. This would create a new cause for discipline if the licensee does include the prohibited provision in a settlement agreement.

The second part of the bill would also prohibit the CBA from requiring any restitution be paid to the plaintiff (complainant) through the Enforcement Action if the civil case was settled with monetary damages. Although restitution is rarely ordered by the CBA, it is one of the tools available in the Disciplinary Guidelines which would be effectively taken away by this bill.

The consumer protections of the first part of the bill are significant enough that the CBA may wish to Support the bill outright; however, it is also reasonable to ask that the author consider removing the second part of the bill.

Staff will be reaching out to other major boards in the Department of Consumer Affairs to ascertain their position on AB 2570.

AB 2570 – Licensees: settlement agreements

Page 2 of 2

Recommendation

Staff recommends that the CBA take a position of Support if Amended on AB 2570.

Attachment

AB 2570

ASSEMBLY BILL**No. 2570**

Introduced by Assembly Member Hill
(Coauthor: Senator Correa)

February 24, 2012

An act to add Section 143.5 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2570, as introduced, Hill. Licensees: settlement agreements.

Existing law provides that it is a cause for suspension, disbarment, or other discipline for an attorney to agree or seek agreement that the professional misconduct or the terms of a settlement of a claim for professional misconduct are not to be reported to the disciplinary agency, or to agree or seek agreement that the plaintiff shall withdraw a disciplinary complaint or not cooperate with an investigation or prosecution conducted by the disciplinary agency.

This bill would prohibit a licensee who is regulated by the Department of Consumer Affairs or various boards, bureaus, or programs, or an entity or person acting as an authorized agent of a licensee, from including or permitting to be included a provision in an agreement to settle a civil dispute that prohibits the other party in that dispute from contacting, filing a complaint with, or cooperating with the department, board, bureau, or program, or that requires the other party to withdraw a complaint from the department, board, bureau, or program. A licensee in violation of these provisions would be subject to disciplinary action by the board, bureau, or program. The bill would also prohibit a board, bureau, or program from requiring its licensees in a disciplinary action that is based on a complaint or report that has been settled in a civil

action to pay additional moneys to the benefit of any plaintiff in the civil action.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 143.5 is added to the Business and
2 Professions Code, to read:

3 143.5. (a) No licensee who is regulated by a board, bureau, or
4 program within the Department of Consumer Affairs, nor an entity
5 or person acting as an authorized agent of a licensee, shall include
6 or permit to be included a provision in an agreement to settle a
7 civil dispute, whether the agreement is made before or after the
8 commencement of a civil action, that prohibits the other party in
9 that dispute from contacting, filing a complaint with, or cooperating
10 with the department, board, bureau, or program or that requires
11 the other party to withdraw a complaint from the department,
12 board, bureau, or program. A provision of that nature is void as
13 against public policy, and any licensee who includes or permits to
14 be included a provision of that nature in a settlement agreement
15 is subject to disciplinary action by the board, bureau, or program.

16 (b) Any board, bureau, or program within the Department of
17 Consumer Affairs that takes disciplinary action against a licensee
18 or licensees based on a complaint or report that has also been the
19 subject of a civil action and that has been settled for monetary
20 damages providing for full and final satisfaction of the parties may
21 not require its licensee or licensees to pay any additional sums to
22 the benefit of any plaintiff in the civil action.

23 (c) As used in this section, “board” shall have the same meaning
24 as defined in Section 22, and “licensee” means a person who has
25 been granted a license, as that term is defined in Section 23.7.

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LC Item III.L.
March 22, 2012

CBA Item X.B.3.I.
March 22-23, 2012

SB 975 – Regulatory Authority

Presented by: Matthew Stanley, Legislation/Regulation Analyst
Date: March 2, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

SB 975 (**Attachment 1**) was introduced on January 19, 2012. It is authored by Senator Rod Wright. It has been referred to the Senate Business and Professions Committee.

This bill states that the boards, bureaus and commissions of DCA have the exclusive authority in the State to license and regulate their respective professions and vocations. No additional licensure requirements can be imposed other than what is in the Business and Professions (B&P) Code or regulations promulgated by the respective entities.

Comments

This bill appears to be a direct response to the attempts during the last few years by other state agencies such as the Controller, Franchise Tax Board, and the Board of Equalization to play a part in disciplining or putting additional requirements on licensees.

Such entities are not prohibited from making further attempts, but this bill would limit future attempts to being placed in the B&P Code.

Recommendation

Staff recommends that the CBA take a position of Support on SB 975.

Attachment

SB 975

SENATE BILL**No. 975****Introduced by Senator Wright**

January 19, 2012

An act to add Section 101.2 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 975, as introduced, Wright. Professions and vocations: regulatory authority.

Existing law, the Business and Professions Code, provides for the licensure and regulation of various professions and vocations by boards, bureaus, and commissions within the Department of Consumer Affairs.

This bill would provide that those boards, bureaus, and commissions have the sole and exclusive authority in state government to license and regulate the practice of professions and vocations regulated by those boards pursuant to provisions of that code, and that no licensing requirements, as specified, shall be imposed upon a person licensed to practice one of those professions or vocations other than under that code or by regulation promulgated by the applicable board through its authority granted under that code.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 101.2 is added to the Business and
- 2 Professions Code, to read:
- 3 101.2. (a) (1) The boards specified in Section 101 shall have
- 4 the sole and exclusive authority in state government to license and

1 regulate the practice of professions and vocations regulated by
2 those boards pursuant to provisions of this code.

3 (2) No licensing requirement shall be imposed upon a person
4 licensed to practice a profession or vocation regulated by a board
5 specified in Section 101 other than by this code or by regulation
6 promulgated by the applicable board through its authority granted
7 under this code.

8 (b) For purposes of this section, “licensing requirements”
9 include, but are not limited to, the following with respect to a
10 profession or vocation licensed and regulated by a board specified
11 in Section 101:

12 (1) Additional training or certification requirements to practice
13 within the scope of practice of a profession or vocation licensed
14 under this code.

15 (2) Continuing education requirements for renewal or
16 continuation of licensure.

17 (3) Any additional requirements beyond those provided in this
18 code or pursuant to regulations promulgated by the applicable
19 board specified in Section 101 through its authority granted under
20 this code.

21 (c) Nothing in this section shall be construed to do either of the
22 following:

23 (1) Prohibit parties from contractually agreeing to additional
24 experience, qualifications, or training of a licensee under this code
25 in connection with performance of a contract.

26 (2) Prohibit a licensee from voluntarily undertaking satisfaction
27 of certification programs not required under this code for licensure
28 by a board specified in Section 101.

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
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LC Item III.M. **CBA Item X.B.3.m.**
March 22, 2012 March 22-23, 2012

SB 1099 - Regulations: Effective Date

Presented by: Kari O'Connor, Special Projects Analyst

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the California Board of Accountancy to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

SB 1099 was introduced on February 16, 2012. It is authored by Senator Rod Wright. It is currently awaiting assignment to a committee.

This bill would, with few exceptions, require a regulation to be effective on either January 1 or July 1. Regulations filed between June 2 and November 30 would become effective January 1. Regulations filed between December 1 and June 1 would become effective on July 1.

This bill also includes other provisions which would not affect the CBA.

Comments

Existing law allows regulations to become effective 30 days after filing with the Secretary of State. The rulemaking process can already take up to 18 months. This bill would lengthen the timeframe for regulations to take effect by up to 6 months.

Recommendation

Since this bill would increase the timeframe for the rulemaking process, staff recommend an Oppose position on SB 1099.

Attachments

SB 1099

SENATE BILL

No. 1099

Introduced by Senator Wright

(Principal coauthor: Senator Correa)

(Coauthors: Senators Dutton and Rubio)

(Coauthors: Assembly Members Logue, Ma, Perea, and Wieckowski)

February 16, 2012

An act to amend Sections 11343.4 and 11344 of the Government Code, relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1099, as introduced, Wright. Regulations.

(1) The Administrative Procedure Act generally sets forth the requirements for the adoption, publication, review, and implementation of regulations by state agencies. The act specifically provides that a regulation or order of repeal required to be filed with the Secretary of State shall become effective on the 30th day after the date of filing, subject to certain exceptions.

This bill would instead provide that a regulation or order of repeal is effective on either January 1 or July 1, as specified, subject to the same exceptions.

(2) The act requires the Office of Administrative Law to make a free copy of the full text of the California Code of Regulations available on its Internet Web site.

This bill would also require the office to provide on its Internet Web site a list of, and a link to the full text of, each regulation filed with the Secretary of State that is pending effectiveness, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11343.4 of the Government Code is
2 amended to read:

3 11343.4. ~~A~~(a) *Except as otherwise provided in subdivision*
4 *(b), a regulation or an order of repeal required to be filed with the*
5 *Secretary of State shall become effective on the 30th day after the*
6 *date of filing unless: on either of the following:*

7 (1) *July 1 if the regulation or order of repeal is filed on*
8 *December 1 to June 1, inclusive.*

9 (2) *January 1 if the regulation or order of repeal is filed on*
10 *June 2 to November 30, inclusive.*

11 (b) *The effective dates in subdivision (a) shall not apply in all*
12 *of the following:*

13 (a)

14 (1) ~~Otherwise~~*The effective date is specifically provided by the*
15 *statute pursuant to which the regulation or order of repeal was*
16 *adopted, in which event it becomes effective on the day prescribed*
17 *by the statute.*

18 (b)

19 (2) *A later date is prescribed by the state agency in a written*
20 *instrument filed with, or as part of, the regulation or order of repeal.*

21 (c)

22 (3) *The agency makes a written request to the office*
23 *demonstrating good cause for an earlier effective date, in which*
24 *case the office may prescribe an earlier date.*

25 SEC. 2. Section 11344 of the Government Code is amended
26 to read:

27 11344. The office shall do all of the following:

28 (a) *Provide for the official compilation, printing, and publication*
29 *of adoption, amendment, or repeal of regulations, which shall be*
30 *known as the California Code of Regulations. On and after July*
31 *1, 1998, the office shall make available on the Internet, free of*
32 *charge, the full text of the California Code of Regulations, and*
33 *may contract with another state agency or a private entity in order*
34 *to provide this service.*

35 (b) *Make available on its Internet Web site a list of, and a link*
36 *to the full text of, each regulation filed with the Secretary of State*
37 *that is pending effectiveness pursuant to Section 11343.4.*

38 (b)

1 (c) Provide for the compilation, printing, and publication of
2 weekly updates of the California Code of Regulations. This
3 publication shall be known as the California Code of Regulations
4 Supplement and shall contain amendments to the code.

5 ~~(e)~~

6 (d) Provide for the publication dates and manner and form in
7 which regulations shall be printed and distributed and ensure that
8 regulations are available in printed form at the earliest practicable
9 date after filing with the Secretary of State.

10 ~~(d)~~

11 (e) Ensure that each regulation is printed together with a
12 reference to the statutory authority pursuant to which it was enacted
13 and the specific statute or other provision of law which the
14 regulation is implementing, interpreting, or making specific.



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LC Item III.N.
March 22, 2012

CBA Item X.B.3.n.
March 22-23, 2012

SB 1165 – Denial of License

Presented by: Matthew Stanley, Legislation/Regulation Analyst

Date: March 2, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

SB 1165 (**Attachment 1**) was introduced on February 22, 2012. It is authored by Senator Rod Wright. It has been referred to the Senate Business and Professions Committee.

Current law requires that when a licensing application is denied, an applicant may appeal and have a hearing on the denial within 90 days. This bill requires licensing entities to notify an appellant, whose licensing application was denied, of their hearing date within 30 days of receiving the request for a hearing.

Comments

After communicating with the author's office, it is their intention to amend this bill as soon as possible. It will be changing to an unrelated bill affecting the Public Utilities Commission.

Staff will continue to monitor this bill until the amendment is made.

Recommendation

Staff recommends that the CBA take a position of Watch on SB 1165.

Attachment

SB 1165

SENATE BILL**No. 1165****Introduced by Senator Wright**

February 22, 2012

An act to amend Section 487 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1165, as introduced, Wright. Denial of license.

Existing law provides for the licensure, regulation, and discipline of various professions and vocations. These provisions are administered by the boards and examining committees established within the Department of Consumer Affairs. Existing law provides that a licensing authority may deny a license to an applicant for specified reasons.

Existing law provides that an applicant may request a hearing with the licensing authority to reconsider the decision to deny the license. Such a hearing must be held within 90 days of the request, except as specified.

This bill would require the licensing authority to send notice of the hearing date to the applicant within 30 days of receiving the request for a hearing.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 487 of the Business and Professions Code
- 2 is amended to read:
- 3 487. (a) If a hearing is requested by the applicant, the board
- 4 shall conduct ~~such~~ *the* hearing within 90 days from the date the
- 5 hearing is requested unless the applicant shall request or agree in

1 writing to a postponement or continuance of the hearing.
2 Notwithstanding the above, the Office of Administrative Hearings
3 may order, or on a showing of good cause, grant a request for, up
4 to 45 additional days within which to conduct a hearing, except in
5 cases involving alleged examination or licensing fraud, in which
6 cases the period may be up to 180 days. In no case shall more than
7 two such orders be made or requests be granted.
8 *(b) Notice of the scheduled hearing date shall be sent to the*
9 *applicant by the board within 30 days of receipt of the request for*
10 *hearing.*



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LC Item III.O.
March 22, 2012

CBA Item X.B.3.o.
March 22-23, 2012

SB 1405 – Accountancy: renewal exemption: military service

Presented by: Matthew Stanley, Legislation/Regulation Analyst
Date: March 2, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

SB 1405 (**Attachment 1**) was introduced on February 24, 2012. It is authored by Senator Kevin De León. It has not yet been referred to a committee. This bill is sponsored by the California Society of Certified Public Accountants (CalCPA).

This bill would exempt a licensee from paying their renewal fee while he or she is engaged in full-time training or active military service with the Army, Navy, Air Force, or Marines. It would also prohibit the holder of an exempt permit from engaging in the practice of public accountancy, and would make the holder of an exempt permit liable for payment of the renewal fee within 60 days after their discharge from service.

Comments

Staff have been informed by the sponsor that this is a spot bill that still needs several changes. In addition, the sponsor has indicated a willingness to work with the CBA on what those changes should be. To that end, staff would like to pose the following for discussion by the CBA regarding this bill:

- The proposal only exempts these licensees from paying the renewal fee. Although current law (CBA Regulations Section 90(a)(2)) exempts these licensees from continuing education (CE) requirements, the CBA may wish to codify this provision and consolidate it with the proposed fee exemption.
- The CBA currently requires the filing of a renewal application and will soon require, pending the rulemaking process, the Peer Review Reporting Form to be due at renewal as well. The CBA may wish to discuss whether this proposal should exclude either of these other two renewal requirements.

SB 1405 – Accountancy: renewal exemption: military service

Page 2 of 2

- The CBA may wish to discuss whether this proposal should create an exempt status. Licensees are already familiar with active and inactive status, and the CBA recently created retired status. By creating an exempt status, potential confusion could be avoided between the proposal and inactive status as the two may seem similar to some consumers. If this option is chosen, the CBA might want to discuss whether an application for exempt status would be needed. An application would allow a licensee to enter exempt status at any time during their renewal cycle similar to the retired status.
- The phrase “active service in the United States Army, Navy, Air Force, or Marine Corps” in SB 1405 should be changed to “active duty as a member of the California National Guard or the United States Armed Forces” in order to cover all military service members.
- This bill is unclear as to whether past renewal fees that were skipped due to the exempt license are to be paid or if the amount due is only for the current renewal period. In addition, it does not place a cap on the number of renewal cycles that may be missed. If it is to be an unlimited amount, there might be a question about the currency of the licensee’s knowledge.
- Under this proposal, if a licensee were discharged 70 days prior to their renewal date, they would be required to pay the renewal fee for the current period, and then pay again, less than three months later for the next renewal period. Current law allows a person on active military duty, whose license expires while they were serving, to file for reinstatement no later than one year following their discharge. The CBA may wish to discuss making this proposal consistent with that statute.
- Although existing law gives the CBA broad rulemaking authority, the CBA may wish to request that the proposal include specific rulemaking authority pertaining to this section.

Staff will take the CBA’s input on these topics and work with the sponsor to craft amendments to this bill.

Recommendation

Staff recommends that the CBA take a position of Support if Amended on SB 1405.

Attachment

SB 1405

SENATE BILL**No. 1405**

Introduced by Senator De LeónFebruary 24, 2012

An act to add Section 5135 to the Business and Professions Code, relating to accountancy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1405, as introduced, De León. Accountancy: renewal exemption: military service.

Existing law provides for the regulation of various professions and vocations by boards within the Department of Consumer Affairs and for the licensure of individuals in that regard. Existing law authorizes any licensee whose license expired while he or she was on active duty as a member of the California National Guard or the United States Armed Forces to reinstate his or her license without examination or penalty if certain requirements are met. Existing law provides for the licensure and regulation of the practice of accountancy by the California Board of Accountancy. A permit issued to a certified public accountant or a public accountant is subject to a biennial renewal fee.

This bill would instead provide a specific exemption from the biennial renewal fee for a certified public accountant or a public accountant while he or she is engaged in full-time training or active military service. The bill would prohibit the holder of an exempt permit from engaging in the practice of public accountancy. The bill would make the holder of an exempt permit liable for payment of the biennial renewal fee within a specified period after his or her discharge from full-time training or active military service.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5135 is added to the Business and
2 Professions Code, to read:

3 5135. (a) Notwithstanding Section 114 or any other provision
4 of law, the holder of a permit issued to a certified public accountant
5 or a public accountant shall be exempt from the biennial renewal
6 fee described in Section 5134 while the permitholder is engaged
7 in full-time training or active service in the United States Army,
8 Navy, Air Force, or Marine Corps.

9 (b) The holder of a permit exempt from the biennial renewal
10 fee pursuant to subdivision (a) shall not engage in the practice of
11 public accountancy.

12 (c) An exempt permitholder shall become liable for payment
13 of the biennial renewal fee upon his or her discharge from full-time
14 training or active service and shall have 60 days after his or her
15 discharge date to pay the biennial renewal fee before the
16 delinquency fee is required. Any person who is discharged from
17 full-time training or active service within 60 days of the end of a
18 renewal period is exempt from the payment of the renewal fee for
19 that period.

20 (d) The time spent in full-time training or active service shall
21 not be included in the computation of the five-year period for
22 renewal or reinstatement of licensure as provided in Sections
23 5070.6 and 5070.7.

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LC Item III.P.
March 22, 2012

CBA Item X.B.3.p.
March 22-23, 2012

Omnibus Legislation

Presented by: Matthew Stanley, Legislation/Regulation Analyst
Date: March 13, 2012

Purpose of the Item

The purpose of this item is to present information that will allow the CBA to take an informed position on the legislation.

Action(s) Needed

Staff will request that the CBA take a position on the legislation.

Background

SB 1576 (**Attachment 1**) was introduced on March 12, 2012. It is authored by the Senate Business & Professions Committee, and will be referred to that committee.

This omnibus bill would make the following changes to the Business and Professions Code (B&P):

- Section 5019- remove a requirement that the CBA print the Rules of Professional Conduct (Article 9 of the CBA Regulations) on its application for licensure, and instead simply require that the applicant acknowledge that they have read and understood the Rules,
- Section 5072- remove the word "personally" from the term "personally engaged" in the provisions that refer to partners in a public accountancy partnership,
- Section 5076- remove the requirement that the CBA adopt emergency regulations to implement peer review,
- Section 5093- remove the authorization for the Ethics Curriculum Committee (ECC) to determine if a course or portion of a course should count towards the ethics requirement,
- Section 5094.6- remove most of the section of law on the establishment of the accounting study guidelines, the definition for the ethics study guidelines, and the requirement for the CBA to discuss the California Research Bureau report on the 150-hour requirement. It preserves the portions allowing the CBA to adopt regulations concerning accounting study and defining "accounting study," and

Omnibus Legislation

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- Section 5107- extend the length of a permissible, conditional renewal or reinstatement from one year to three years for a licensee who demonstrates financial hardship and agrees to reimburse the CBA for investigation costs over a three year period (increased from one year).

The bill also contains provisions not related to the CBA.

Comments

This is the omnibus bill which means its provisions are deemed non-controversial. The reasons for the changes are as follows:

- Section 5019- It currently requires the CBA to print its Rules of Professional Conduct on the applications for licensure. This is not practical as the current Rules of Conduct exceed 12 pages.
- Section 5072- In 1998, the CBA supported amendments to B&P Section 5072. Part of the reason was to allow two corporations to form a partnership. The word "person" is defined in the Accountancy Act (Section 5035) to include, among others, a corporation. However, the term "personally" led to some confusion. It is being removed in order to more clearly reflect the CBA's intention.
- Section 5076- In 2009, when the CBA's peer review law was passed, it contained a provision that the CBA adopt emergency regulations to implement the program in 2010. This was done, and the regulations have since been made permanent. This subsection is no longer required and is being removed as a cleanup of the codes.
- Section 5093- In 2011, SB 773 moved the new education requirements from B&P Section 5094 (regarding standards for qualifying education) to Section 5093 (regarding requirements for licensure) so that all of the requirements for licensure could be found in the same section. In that transition, the clause regarding the ECC's authority was inadvertently retained. As the ethics requirements are now in law, this clause is no longer needed.
- Section 5094.6- B&P Section 5094.6 currently outlines the process for the CBA to adopt the accounting study guidelines, the definition for the ethics study guidelines, and the requirement for the CBA to discuss the California Research Bureau (CRB) report on the 150-hour requirement. The accounting study guidelines have been adopted, the ethics study guidelines are in law, and, due to the fact that Pathway 1 is scheduled for elimination in 2014, the CRB report is no longer needed.
- Section 5107- When a license is reinstated or renewed following discipline, the CBA is authorized to require reimbursement of its investigation costs. If a licensee can demonstrate financial hardship, the CBA currently has the authority

Omnibus Legislation

Page 3 of 3

to conditionally reinstate or renew that license for a year with the agreement that reimbursement will take place over that time. This proposal increases the CBA's flexibility.

In addition, Assembly Member Fiona Ma and Senate Business and Professions Committee consultant, G.V. Ayers, in consultation with staff, have agreed that the amendments to the retired status law that were approved by the CBA at its January 2012 meeting will be amended into this bill at the appropriate time.

Recommendation

Staff recommends that the CBA take a position of Support on SB 1576.

Attachment

SB 1576

SENATE BILL**No. 1576**

Introduced by Committee on Business, Professions and Economic Development (Senators Price (Chair), Corbett, Correa, Emmerson, Hernandez, Negrete McLeod, Strickland, Vargas, and Wyland)

March 12, 2012

An act to amend Sections 5072, 5076, 5093, 5094.6, 5107, 7011.8, and 7076 of, and to repeal and add Section 5019 of, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1576, as introduced, Committee on Business, Professions and Economic Development. Professions and vocations.

Existing law provides for the licensure and regulation of professions and vocations by boards within the Department of Consumer Affairs.

(1) Existing law provides for the licensure and regulation of the practice of accountancy by the California Board of Accountancy. Under existing law, permits to engage in the practice of public accountancy are required to be issued by the board only to holders of the certificate of certified public accountant, and to those partnerships, corporations, and other persons who, upon application approved by the board, are registered with the board.

Under existing law, the rules of professional conduct adopted by the board are required to be printed as a part of the application blanks for both certificates and registration and every applicant for either a certificate or registration is required to subscribe thereto when making an application.

This bill would require such an applicant to acknowledge the fact that the applicant has read and understands the rules of professional conduct adopted by the board.

Existing law authorizes a partnership, except as specified, to be registered by the board to engage in the practice of public accountancy provided it meets certain requirements, including, but not limited to, that each partner personally engaged within this state in the practice of public accountancy has a valid permit or certificate to practice in this state and that, except as specified, each partner not personally engaged in the practice of public accountancy within this state is required to be a certified public accountant in good standing of some state.

This bill would modify those requirements to instead include that each partner engaged within this state in the practice of public accountancy has a valid permit or certificate to practice in this state and that, except as specified, each partner not engaged in the practice of public accountancy within this state is required to be a certified public accountant in good standing of some state.

Existing law requires a firm, in order to renew its registration, to have a specified peer review report accepted by a board-recognized peer review group. Existing law requires the board to adopt regulations and emergency regulations to implement, interpret, and make specific these peer review requirements.

This bill would delete that requirement to adopt emergency regulations.

Existing law requires an applicant for the certified public accountant license to comply with certain education, examination, and experience requirements under one of 2 provisions that set forth different standards, commonly referred to as the 2 “pathways.” Existing law, under the 2nd pathway, requires an applicant to present satisfactory evidence that the applicant has completed certain education, and after December 31, 2013, that education is required to include specified ethics study. Existing law authorizes the Advisory Committee on Accounting Ethics Curriculum to determine that a course satisfies the ethics study requirement. No later than June 1, 2012, existing law also requires the Advisory Committee on Accounting Ethics Curriculum to recommend to the board ethics study guidelines, as defined, to be included as part of the educational requirements.

This bill would delete those provisions establishing the responsibilities of the committee.

Existing law authorizes the board to conditionally renew or reinstate for a maximum of one year the permit or certificate of a holder who demonstrates financial hardship and who enters into a formal agreement

with the board to reimburse the board within that one-year period for those unpaid costs.

This bill would authorize the board to conditionally renew or reinstate for a maximum of 3 years a permit or certificate if the holder demonstrates financial hardship and enters into a formal agreement with the board to reimburse the board within that 3-year period for those unpaid costs.

(2) Existing law, the Contractors’ State License Law, provides for the licensure and regulation of contractors by the Contractors’ State License Board. Existing law requires the board to appoint a registrar to serve as the executive officer and secretary of the board to carry out the duties delegated by the board. Under existing law, any person who reports to or causes a complaint to be filed with the board that a licensee has engaged in professional misconduct, knowing that complaint to be false, is guilty of a crime. Existing law authorizes the board to notify the district attorney or city attorney that a person has made what the board believes is a false report or complaint.

This bill would limit application of those provisions to any person licensed by the board and would instead authorize the registrar to issue a citation to such a person.

(3) This bill would make other technical, nonsubstantive, and conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5019 of the Business and Professions
2 Code is repealed.

3 ~~5019. The rules of professional conduct adopted by the board~~
4 ~~shall be printed as a part of the application blanks for both~~
5 ~~certificates and registration and every applicant for either a~~
6 ~~certificate or registration shall subscribe thereto when making an~~
7 ~~application.~~

8 SEC. 2. Section 5019 is added to the Business and Professions
9 Code, to read:

10 5019. Every applicant, when subscribing to an application for
11 certificate or registration, shall acknowledge the fact that the
12 applicant has read and understands the rules of professional conduct
13 adopted by the board.

1 SEC. 3. Section 5072 of the Business and Professions Code is
2 amended to read:

3 5072. (a) No persons shall engage in the practice of
4 accountancy as a partnership unless the partnership is registered
5 by the board.

6 (b) A partnership, other than a limited partnership, may be
7 registered by the board to engage in the practice of public
8 accountancy provided it meets the following requirements:

9 (1) At least one general partner shall hold a valid permit to
10 practice as a certified public accountant, public accountant, or
11 accountancy corporation, or shall be an applicant for a certificate
12 as a certified public accountant under Sections 5087 and 5088.

13 (2) Each partner ~~personally~~ engaged within this state in the
14 practice of public accountancy as defined by Section 5051 shall
15 hold a valid permit to practice in this state or shall have applied
16 for a certificate as a certified public accountant under Sections
17 5087 and 5088.

18 (3) Each partner ~~not personally~~ engaged in the practice of public
19 accountancy within this state shall be a certified public accountant
20 in good standing of some state, except as permitted by Section
21 5079.

22 (4) Each resident manager in charge of an office of the firm in
23 this state shall be a licensee in good standing of this state, or shall
24 have applied for a certificate as a certified public accountant under
25 Sections 5087 and 5088.

26 SEC. 4. Section 5076 of the Business and Professions Code is
27 amended to read:

28 5076. (a) In order to renew its registration, a firm, as defined
29 in Section 5035.1, shall have a peer review report of its accounting
30 and auditing practice accepted by a board-recognized peer review
31 program no less frequently than every three years.

32 (b) For purposes of this article, the following definitions apply:

33 (1) "Peer review" means a study, appraisal, or review conducted
34 in accordance with professional standards of the professional work
35 of a firm, and may include an evaluation of other factors in
36 accordance with the requirements specified by the board in
37 regulations. The peer review report shall be issued by an individual
38 who has a valid and current license, certificate, or permit to practice
39 public accountancy from this state or another state and is
40 unaffiliated with the firm being reviewed.

1 (2) “Accounting and auditing practice” includes any services
2 that are performed using professional standards defined by the
3 board in regulations.

4 (c) The board shall adopt regulations as necessary to implement,
5 interpret, and make specific the peer review requirements in this
6 section, including, but not limited to, regulations specifying the
7 requirements for board recognition of a peer review program,
8 standards for administering a peer review, extensions of time for
9 fulfilling the peer review requirement, exclusions from the peer
10 review program, and document submission.

11 ~~(d) The board shall adopt emergency regulations in accordance
12 with the Administrative Procedure Act (Chapter 3.5 (commencing
13 with Section 11340) of Part 1 of Division 3 of Title 2 of the
14 Government Code) to establish policies, guidelines, and procedures
15 as outlined in subdivision (c). The adoption of the regulations shall
16 be considered by the Office of Administrative Law to be necessary
17 for the immediate preservation of the public peace, health and
18 safety, or general welfare. The emergency regulations shall be
19 submitted to the Office of Administrative Law for filing with the
20 Secretary of State and publication in the California Code of
21 Regulations, and shall be replaced in accordance with the
22 Administrative Procedure Act.~~

23 ~~(e)~~

24 (d) Nothing in this section shall prohibit the board from initiating
25 an investigation and imposing discipline against a firm or licensee,
26 either as the result of a complaint that alleges violations of statutes,
27 rules, or regulations, or from information contained in a peer review
28 report received by the board.

29 ~~(f)~~

30 (e) A firm issued a substandard peer review report, as defined
31 by the board in regulation, shall submit a copy of that report to the
32 board. The board shall establish in regulation the time period that
33 a firm must submit the report to the board. This period shall not
34 exceed 60 days from the time the report is accepted by a
35 board-recognized peer review program provider to the date the
36 report is submitted to the board.

37 ~~(g)~~

38 (f) (1) A board-recognized peer review program provider shall
39 file a copy with the board of all substandard peer review reports
40 issued to California-licensed firms. The board shall establish in

1 regulation the time period that a board-recognized peer review
2 program provider shall file the report with the board. This period
3 shall not exceed 60 days from the time the report is accepted by a
4 board-recognized peer review program provider to the date the
5 report is filed with the board. These reports may be filed with the
6 board electronically.

7 (2) Nothing in this subdivision shall require a board-recognized
8 peer review program provider, when administering peer reviews
9 in another state, to violate the laws of that state.

10 ~~(h)~~

11 (g) The board shall, by January 1, 2010, define a substandard
12 peer review report in regulation.

13 ~~(i)~~

14 (h) Any requirements imposed by a board-recognized peer
15 review program on a firm in conjunction with the completion of
16 a peer review shall be separate from, and in addition to, any action
17 by the board pursuant to this section.

18 ~~(j)~~

19 (i) Any report of a substandard peer review submitted to the
20 board in conjunction with this section shall be collected for
21 investigatory purposes.

22 ~~(k)~~

23 (j) Nothing in this section affects the discovery or admissibility
24 of evidence in a civil or criminal action.

25 ~~(l)~~

26 (k) Nothing in this section requires any firm to become a
27 member of any professional organization.

28 ~~(m)~~

29 (l) A peer reviewer shall not disclose information concerning
30 licensees or their clients obtained during a peer review, unless
31 specifically authorized pursuant to this section, Section 5076.1, or
32 regulations prescribed by the board.

33 ~~(n)~~

34 (m) (1) By January 1, 2015, the board shall provide the
35 Legislature and Governor with a report regarding the peer review
36 requirements of this section that includes, without limitation:

37 (A) The number of peer review reports completed to date and
38 the number of reports which were submitted to the board as
39 required in subdivision ~~(f)~~ (e).

1 (B) The number of enforcement actions that were initiated as a
2 result of an investigation conducted pursuant to subdivision ~~(j)~~ (i).

3 (C) The number of firms that were recommended to take
4 corrective actions to improve their practice through the mandatory
5 peer review process, and the number of firms that took corrective
6 actions to improve their practice following recommendations
7 resulting from the mandatory peer review process.

8 (D) The extent to which mandatory peer review of accounting
9 firms enhances consumer protection.

10 (E) The cost impact on firms undergoing mandatory peer review
11 and the cost impact of mandatory peer review on the firm's clients.

12 (F) A recommendation as to whether the mandatory peer review
13 program should continue.

14 (G) The extent to which mandatory peer review of small firms
15 or sole practitioners that prepare nondisclosure compiled financial
16 statements on an other comprehensive basis of accounting enhances
17 consumer protection.

18 (H) The impact of peer review required by this section on small
19 firms and sole practitioners that prepare nondisclosure compiled
20 financial statements on an other comprehensive basis of accounting.

21 (I) The impact of peer review required by this section on small
22 businesses, nonprofit corporations, and other entities that utilize
23 small firms or sole practitioners for the purposes of nondisclosure
24 compiled financial statements prepared on an other comprehensive
25 basis of accounting.

26 (J) A recommendation as to whether the preparation of
27 nondisclosure compiled financial statements on an other
28 comprehensive basis of accounting should continue to be a part
29 of the mandatory peer review program.

30 (2) A report to the Legislature pursuant to this section shall be
31 submitted in compliance with Section 9795 of the Government
32 Code.

33 SEC. 5. Section 5093 of the Business and Professions Code is
34 amended to read:

35 5093. (a) To qualify for the certified public accountant license,
36 an applicant who is applying under this section shall meet the
37 education, examination, and experience requirements specified in
38 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to
39 this article. The board may adopt regulations as necessary to
40 implement this section.

1 (b) (1) An applicant for admission to the certified public
2 accountant examination under the provisions of this section shall
3 present satisfactory evidence that the applicant has completed a
4 baccalaureate or higher degree conferred by a degree-granting
5 university, college, or other institution of learning accredited by
6 a regional or national accrediting agency included in a list of these
7 agencies published by the United States Secretary of Education
8 under the requirements of the Higher Education Act of 1965 as
9 amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum,
10 the standards described in subdivision (c) of Section 5094. The
11 total educational program shall include a minimum of 24 semester
12 units in accounting subjects and 24 semester units in
13 business-related subjects. This evidence shall be provided at the
14 time of application for admission to the examination, except that
15 an applicant who applied, qualified, and sat for at least two subjects
16 of the examination for the certified public accountant license before
17 May 15, 2002, may provide this evidence at the time of application
18 for licensure.

19 (2) An applicant for issuance of the certified public accountant
20 license under the provisions of this section shall present satisfactory
21 evidence that the applicant has completed at least 150 semester
22 units of college education including a baccalaureate or higher
23 degree conferred by a college or university, meeting, at a minimum,
24 the standards described in Section 5094, the total educational
25 program to include a minimum of 24 semester units in accounting
26 subjects, 24 semester units in business-related subjects, and, after
27 December 31, 2013, shall also include a minimum of 10 units of
28 ethics study consistent with the requirements set forth in Section
29 5094.3 and 20 units of accounting study consistent with the
30 regulations promulgated under subdivision (c) of Section 5094.6.
31 This evidence shall be presented at the time of application for the
32 certified public accountant license. Nothing herein shall be deemed
33 inconsistent with Section 5094 or 5094.6. ~~The Advisory Committee~~
34 ~~on Accounting Ethics Curriculum established under Section 5094.5~~
35 ~~may determine that a course or a portion of a course satisfies the~~
36 ~~ethics study requirement.~~ Nothing herein shall be construed to be
37 inconsistent with prevailing academic practice regarding the
38 completion of units.

39 (c) An applicant for the certified public accountant license shall
40 pass an examination prescribed by the board.

1 (d) The applicant shall show, to the satisfaction of the board,
2 that the applicant has had one year of qualifying experience. This
3 experience may include providing any type of service or advice
4 involving the use of accounting, attest, compilation, management
5 advisory, financial advisory, tax or consulting skills. To be
6 qualifying under this section, experience shall have been performed
7 in accordance with applicable professional standards. Experience
8 in public accounting shall be completed under the supervision or
9 in the employ of a person licensed or otherwise having comparable
10 authority under the laws of any state or country to engage in the
11 practice of public accountancy. Experience in private or
12 governmental accounting or auditing shall be completed under the
13 supervision of an individual licensed by a state to engage in the
14 practice of public accountancy.

15 (e) Applicants completing education at a college or university
16 located outside of this state, meeting, at a minimum, the standards
17 described in Section 5094, shall be deemed to meet the educational
18 requirements of this section if the board determines that the
19 education is substantially equivalent to the standards of education
20 specified under this chapter.

21 SEC. 6. Section 5094.6 of the Business and Professions Code
22 is amended to read:

23 ~~5094.6. (a) No later than June 1, 2012, the committee shall~~
24 ~~recommend to the board ethics study guidelines consisting of no~~
25 ~~less than 10 semester units to be included as a part of the education~~
26 ~~required under Section 5093. Ethics study may consist of academic~~
27 ~~courses, portions of courses, or independent study offered by~~
28 ~~degree-granting universities, colleges, or other institutions of~~
29 ~~learning accredited by a regional or national accrediting agency.~~
30 ~~Nothing herein shall be deemed inconsistent with prevailing~~
31 ~~academic practice regarding completion of units.~~

32 (b)
33 ~~5094.6. (a) The board shall, no later than January 1, 2012, by~~
34 ~~regulation, adopt guidelines for accounting study to be included~~
35 ~~as part of the education required under Section 5093. In~~
36 ~~promulgating these regulations, the board shall consider the views~~
37 ~~of the Accounting Education Advisory Committee established~~
38 ~~under Section 5094.7.~~

39 ~~(e) No later than six months following the issuance of the report~~
40 ~~by the California Research Bureau regarding the Uniform~~

1 ~~Accountancy Act's 150-hour rule, the board shall hold a hearing~~
2 ~~on the report. At the hearing, the board shall make~~
3 ~~recommendations, based on that report, to the National Association~~
4 ~~of State Boards of Accountancy and the American Institute of~~
5 ~~Certified Public Accountants for ensuring the relevancy of~~
6 ~~accountancy education to the modern practice of accounting and~~
7 ~~shall approve a plan for the board to seek the adoption of those~~
8 ~~recommendations and any others the board may recommend related~~
9 ~~to enforcement and Internet disclosure.~~

10 (d) ~~For purposes of this section, the following definitions shall~~
11 ~~apply:~~

12 (1) ~~Except as provided in subdivision (c), "committee" means~~
13 ~~the Advisory Committee on Accounting Ethics Curriculum~~
14 ~~established under Section 5094.5.~~

15 (2) ~~"Ethics study guidelines" means the guidelines for the study~~
16 ~~of ethics adopted for California by the committee and the board~~
17 ~~consisting of a program of learning that provides students with a~~
18 ~~framework of ethical reasoning, professional values, and attitudes~~
19 ~~for exercising professional skepticism and other behavior that is~~
20 ~~in the best interest of the investing and consuming public and the~~
21 ~~profession. At minimum, it includes academic work or independent~~
22 ~~study and shall include a foundation for ethical reasoning and the~~
23 ~~core values of integrity, objectivity, and independence consistent~~
24 ~~with the International Education Standards 4 of the International~~
25 ~~Accountants Education Standards Board, the International~~
26 ~~Federation of Accountants Code of Ethics, and the American~~
27 ~~Institute of Certified Public Accountants Code of Professional~~
28 ~~Conduct.~~

29 (3) ~~"Accounting~~

30 (b) ~~For purposes of this section, "accounting study" means~~
31 ~~independent study or other academic work in accounting, business,~~
32 ~~ethics, business law, or other academic work relevant to accounting~~
33 ~~and business, so as to enhance the competency of students as~~
34 ~~practitioners.~~

35 SEC. 7. Section 5107 of the Business and Professions Code is
36 amended to read:

37 5107. (a) The executive officer of the board may request the
38 administrative law judge, as part of the proposed decision in a
39 disciplinary proceeding, to direct any holder of a permit or
40 certificate found to have committed a violation or violations of

1 this chapter to pay to the board all reasonable costs of investigation
2 and prosecution of the case, including, but not limited to, attorneys'
3 fees. The board shall not recover costs incurred at the
4 administrative hearing.

5 (b) A certified copy of the actual costs, or a good faith estimate
6 of costs where actual costs are not available, signed by the
7 executive officer, shall be prima facie evidence of reasonable costs
8 of investigation and prosecution of the case.

9 (c) The administrative law judge shall make a proposed finding
10 of the amount of reasonable costs of investigation and prosecution
11 of the case when requested to do so by the executive officer
12 pursuant to subdivision (a). Costs are payable 120 days after the
13 board's decision is final, unless otherwise provided for by the
14 administrative law judge or if the time for payment is extended by
15 the board.

16 (d) The finding of the administrative law judge with regard to
17 cost shall not be reviewable by the board to increase the cost award.
18 The board may reduce or eliminate the cost award, or remand to
19 the administrative law judge where the proposed decision fails to
20 make a finding on costs requested by the executive officer pursuant
21 to subdivision (a).

22 (e) The administrative law judge may make a further finding
23 that the amount of reasonable costs awarded shall be reduced or
24 eliminated upon a finding that respondent has demonstrated that
25 he or she cannot pay all or a portion of the costs or that payment
26 of the costs would cause an unreasonable financial hardship which
27 cannot be remedied through a payment plan.

28 (f) When an administrative law judge makes a finding that costs
29 be waived or reduced, he or she shall set forth the factual basis for
30 his or her finding in the proposed decision.

31 (g) Where an order for recovery of costs is made and timely
32 payment is not made as directed by the board's decision, the board
33 may enforce the order for payment in any appropriate court. This
34 right of enforcement shall be in addition to any other rights the
35 board may have as to any holder of a permit or certificate directed
36 to pay costs.

37 (h) In a judicial action for the recovery of costs, proof of the
38 board's decision shall be conclusive proof of the validity of the
39 order of payment and the terms of payment.

1 (i) All costs recovered under this section shall be deposited in
2 the Accountancy Fund.

3 (j) (1) Except as provided in paragraph (2), the board shall not
4 renew or reinstate the permit or certificate of a holder who has
5 failed to pay all of the costs ordered under this section.

6 (2) Notwithstanding paragraph (1) *or paragraph (2) of*
7 *subdivision (g) of Section 125.3*, the board may, in its discretion,
8 conditionally renew or reinstate for a maximum of ~~one-year~~ *three*
9 *years* the permit or certificate of a holder who demonstrates
10 financial hardship and who enters into a formal agreement with
11 the board to reimburse the board within that ~~one-year~~ *three-year*
12 period for those unpaid costs.

13 (k) Nothing in this section shall preclude the board from seeking
14 recovery of costs in an order or decision made pursuant to an
15 agreement entered into between the board and the holder of a
16 permit or certificate.

17 (l) (1) Costs may not be recovered under this section as a result
18 of a citation issued pursuant to Section 125.9 and its implementing
19 language if the licensee complies with the citation.

20 (2) The Legislature hereby finds and declares that this
21 subdivision is declaratory of existing law.

22 SEC. 8. Section 7011.8 of the Business and Professions Code
23 is amended to read:

24 7011.8. (a) Any person *subject to licensure under this chapter*
25 who reports to, or causes a complaint to be filed with, the
26 Contractors' State License Board that a person licensed by that
27 entity has engaged in professional misconduct, knowing the report
28 or complaint to be false, ~~is guilty of an infraction punishable by a~~
29 ~~fine not to exceed one thousand dollars (\$1,000)~~ *may be issued a*
30 *citation by the registrar.*

31 (b) The board may notify the appropriate district attorney or
32 city attorney that a person *subject to licensure under this chapter*
33 has made or filed what the entity believes to be a false report or
34 complaint against a licensee.

35 SEC. 9. Section 7076 of the Business and Professions Code is
36 amended to read:

37 7076. (a) An individual license shall be canceled upon the
38 death of a person licensed as an individual. An immediate member
39 of the family of the deceased licensee may request a continuance
40 of the license to complete projects in progress and undertake new

1 work for a reasonable amount of time to be determined by rules
2 of the board. The request for a continuance must be made in writing
3 and received at the board's headquarters office within 90 days
4 after the death. Approval of the continuance of an individual license
5 may be contingent upon meeting the bond requirements of Sections
6 7071.5 and 7071.6 within 90 days of notification by the board of
7 that requirement. The immediate member of the family must apply
8 for and obtain his or her own license to continue contracting after
9 the continuance expires.

10 (b) A partnership license shall be canceled upon the death of a
11 general partner. The remaining partner or partners shall notify the
12 registrar in writing within 90 days of the death of a general partner.
13 Failure to notify the registrar within 90 days of the death is grounds
14 for disciplinary action.

15 The remaining general partner or partners may request a
16 continuance of the license to complete projects in progress and
17 undertake new work for a reasonable amount of time to be
18 determined by rules of the board. The request for a continuance
19 must be made in writing and received at the board's headquarters
20 office within 90 days after the death. The remaining general partner
21 or partners must apply for and obtain a new license to continue
22 contracting after the continuance expires.

23 (c) A partnership license shall be canceled upon the
24 disassociation of a general partner or upon the dissolution of the
25 partnership. The disassociating partner or the remaining partner
26 or partners shall notify the registrar in writing within 90 days of
27 the disassociation of a general partner or dissolution of the
28 partnership. Failure to notify the registrar of the disassociation or
29 dissolution within 90 days shall cause the license to be canceled
30 effective the date the written notification is received at the board's
31 headquarters office. Failure to notify the registrar within 90 days
32 of the disassociation or dissolution is grounds for disciplinary
33 action. The remaining general partner or partners may request a
34 continuance of the license to complete projects contracted for or
35 in progress prior to the date of disassociation or dissolution for a
36 reasonable length of time to be determined by rules of the board.
37 The request for a continuance must be made in writing and received
38 at the board's headquarters office within 90 days after the
39 disassociation or dissolution. The remaining general partner or

1 partners must apply for and obtain a new license to undertake new
2 work and to continue contracting after the continuance expires.

3 (d) The general partner or partners shall notify the registrar in
4 writing within 90 days of the death of a limited partner. Failure to
5 notify the registrar within 90 days of the death is grounds for
6 disciplinary action.

7 The death of a limited partner will not affect the partnership
8 license unless the partnership license has only one limited partner.
9 In this case, the license will be canceled upon the death of the
10 limited partner unless a new limited partner is added to the license
11 within 90 days of the death.

12 If the license is canceled, the remaining general partner or
13 partners may request a continuance of the license to complete
14 projects in progress and to undertake new work for a reasonable
15 amount of time to be determined by rules of the board. The request
16 for a continuance must be made in writing and received at the
17 board's headquarters office within 90 days after the death. The
18 remaining general partner or partners must apply for and obtain a
19 new license to continue contracting after the continuance expires.

20 (e) The general partner or partners shall notify the registrar in
21 writing within 90 days of the disassociation of a limited partner.
22 Failure to notify the registrar of the disassociation, within 90 days,
23 shall cause the disassociation to be effective the date the written
24 notification is received at the board's headquarters office. Failure
25 to notify the registrar within 90 days of the disassociation is
26 grounds for disciplinary action.

27 The disassociation of a limited partner will not affect the
28 partnership license unless the partnership license has only one
29 limited partner. In this case, the license will be canceled upon the
30 disassociation of the limited partner unless a new limited partner
31 is added to the license within 90 days of the disassociation. If the
32 license is canceled, the remaining general partner or partners may
33 request a continuance of the license to complete projects contracted
34 for or in progress prior to the date of disassociation for a reasonable
35 amount of time to be determined by rules of the board. The request
36 for a continuance must be made in writing and received at the
37 board's headquarters office within 90 days after the ~~death~~
38 *disassociation*. The remaining general partner or partners must
39 apply for and obtain a new license to undertake new work and to
40 continue contracting after the continuance expires.

1 (f) A joint venture license shall be canceled upon the
2 cancellation, revocation, or disassociation of any of its entity
3 licenses or upon the dissolution of the joint venture. The registrar
4 shall be notified in writing within 90 days of the disassociation of
5 a joint venture entity or dissolution of the joint venture. Failure to
6 notify the registrar of the disassociation or dissolution within 90
7 days shall cause the license to be canceled effective the date the
8 written notification is received at the board's headquarters office.
9 Failure to notify the registrar within 90 days of the disassociation
10 or dissolution is grounds for disciplinary action.

11 Any remaining entity or entities may request a continuance of
12 the license to complete projects contracted for or in progress prior
13 to the date of disassociation or dissolution for a reasonable amount
14 of time to be determined by rules of the board. The request for a
15 continuance must be made in writing and received at the board's
16 headquarters office within 90 days of the disassociation or
17 dissolution. The remaining entity or entities must apply for and
18 obtain a new license to undertake new work and to continue
19 contracting after the continuance expires.

20 (g) Any individual, partnership, or joint venture license
21 continued in accordance with this section is subject to all other
22 provisions of this chapter.

23 (h) A corporation license shall be canceled upon the
24 corporation's dissolution, merger, or surrender of its right to do
25 business in this state. The corporation shall notify the registrar in
26 writing within 90 days of the dissolution, merger, or surrender.
27 Failure to notify the registrar of the dissolution, merger, or
28 surrender within 90 days shall cause the license to be canceled
29 effective the date written notification is received at the board's
30 headquarters office. If the corporation fails to notify the board of
31 the dissolution, merger, or surrender, the corporation license shall
32 be canceled 60 days after the board's discovery when researching
33 the corporate records of the Secretary of State. Failure to notify
34 the registrar within 90 days of the dissolution, merger, or surrender
35 is grounds for disciplinary action.

36 (i) A limited liability company license shall be canceled upon
37 the company's dissolution, merger, or surrender of its right to do
38 business in this state. The limited liability company shall notify
39 the registrar in writing within 90 days of the dissolution, merger,
40 or surrender. Failure to notify the registrar of the dissolution,

1 merger, or surrender within 90 days shall cause the license to be
2 canceled effective the date written notification is received at the
3 board's headquarters office. If the limited liability company fails
4 to notify the board of the dissolution, merger, or surrender, the
5 limited liability company license shall be canceled 60 days after
6 the board's discovery when researching the records of the Secretary
7 of State. Failure to notify the registrar within 90 days of the
8 dissolution, merger, or surrender is grounds for disciplinary action.
9 (j) The registrar shall review and accept the petition of a licensee
10 who disputes the date of cancellation upon a showing of good
11 cause. This petition shall be received within 90 days of the board's
12 official notice of cancellation.



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LC Item IV.
March 22, 2012

CBA Item X.B.4.
March 22-23, 2012

Discussion and Possible Action to Seek Legislation to Amend Business and Professions Code Section 5008 – Email Address Requirement

Presented by: Matthew Stanley, Legislation/Regulation Analyst
Date: February 24, 2012

Purpose of the Item

Staff is providing members with proposed legislative language that would require licensees to provide the California Board of Accountancy (CBA) with an email address for the purpose of providing reports on CBA activities, including UPDATE, electronically.

Action(s) Needed

The Legislative Committee will be asked to recommend to the CBA whether or not to request that this language be added to the omnibus bill.

Background

At its September 2011 meeting, the CBA discussed how it might require email addresses in order to more effectively distribute the online publication of its newsletter, UPDATE. At its November 2011 meeting, the CBA was informed of staff's plan to revise licensing and renewal applications to include a place for the optional submission of an email address. The applications are currently undergoing this revision. In addition, staff informed the CBA that it would prepare regulatory language that would enable the CBA to require the email address on these applications.

Since that time, however, the Department of Consumer Affairs' Legal Affairs Unit (DCA Legal), which is addressing the topic of email addresses with several boards, has raised concerns that requiring an applicant to communicate electronically with a board by regulation could be subject to legal challenge. State and federal law control electronic communications, including email, and such laws require consent of both parties to communicate electronically. As a result, DCA Legal has concluded that, unless there is specific statutory authority to do so, a state agency cannot, through regulation, compel an individual to communicate with it electronically.

Comments

In order to obtain the necessary legal authority to require email addresses, staff have drafted statutory language (**Attachment 1**) that the CBA may request be added into the omnibus bill.

Discussion and Possible Action to Seek Legislation to Amend Business and Professions Code Section 5008 – Email Address Requirement

Page 2 of 2

The proposed language amends Section 5008 which requires the CBA to report certain information to its licensees twice a year. This required report currently is prepared as the CBA's newsletter, UPDATE.

The amendment would require that an email address be provided on the application for licensure or renewal, and that the licensee notify the CBA if there is a change in their email address. Cite and fine authority is added to allow for enforcement of the requirement.

The final amendment would exempt the email address from disclosure under the Public Records Act under most circumstances. This provision will hopefully allay concerns about privacy.

Recommendation

Staff recommend that the CBA direct staff to request that the proposed language be included in the omnibus bill.

Attachment

Proposed Statutory Language



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Attachment 1

PROPOSED STATUTORY LANGUAGE

5008.

(a) The board shall, from time to time, but not less than twice each year, prepare and distribute or make available to all licensees, a report of the activities of the board, including amendments to this chapter and regulations adopted by the board, and may likewise distribute reports of report on other matters of interest to the public and to practitioners.

(b) Each individual holding a certified public accountant or public accountant license shall maintain a current email address on file with the board for the distribution of the report required in subdivision (a).

(1) The email address shall be provided to the board upon application for licensure and for renewal, and

(2) Such a licensee shall notify the board of any change in his or her email address and provide the new email address in writing to the board within 30 days after the change on a form prescribed by the board.

(c) Failure to comply with the requirements of subdivision (b) constitutes grounds for the issuance of a citation and administrative fine.

(d) In the interests of protecting an applicant's privacy, the address shall not be considered a public record and shall not be disclosed pursuant to a request under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), unless required pursuant to a court order by a court of competent jurisdiction or disclosed as part of a disciplinary or other administrative proceeding instituted by the board.

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CPC Item II. CBA Item X.C.2
March 23, 2012 March 22-23, 2012

Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 12, 12.5, and 37 – Continuing Education Requirements for Applicants with Experience Obtained Five Years Prior to Application and Reissuance

Presented by: Kari O'Connor, Special Projects Analyst
Date: February 22, 2012

Purpose of the Item

Staff is providing members with proposed regulatory language to modify the continuing education (CE) requirements for Certified Public Accountant (CPA) license reissuance¹ and for CPA licensure applicants with experience obtained more than five years prior to application (stale-dated experience).

Action(s) Needed

The California Board of Accountancy (CBA) will be asked to provide input and approve the draft regulations and direct staff to initiate the rulemaking process.

Background

At its January 2012 meeting, the CBA adopted the Qualifications Committee (QC) recommendation to increase the amount of CE required for license reissuance and CPA licensure with stale-dated experience. The increase in CE will help ensure consumer protection by requiring 80 hours of CE for persons entering or re-entering the practice of public accountancy. The CBA directed staff to draft regulatory language for review by CBA members at its March 2012 meeting.

Comments

The proposed regulatory language (**Attachment 1**) reflects the modifications to the CE requirements for license reissuance and licensure with stale-dated experience. Additionally, staff suggest amending regulatory language in Sections 12 (a), and 12.5 (a) and (c) to clarify that experience must be supervised by a person holding a valid, active status CPA license. This will ensure that the person providing the supervision

¹ A CPA whose license has been cancelled may apply for and be reissued a new certificate if the applicant meets the specified criteria.

Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 12, 12.5, and 37 – Continuing Education Requirements for Applicants with Experience Obtained Five Years Prior to Application and Reissuance

has completed the required CE courses to maintain skills and knowledge necessary to competently practice public accounting.

Recommendation

Staff recommends that the CBA approve the draft regulations and direct staff to initiate the rulemaking process.

Attachment

Proposed Regulatory Language

§ 37. Reissuance.

A certified public accountant (CPA) whose certificate has been cancelled by the operation of Business and Professions Code Section 5070.7 may apply for and obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. The reissued certificate will permit the CPA to perform the same services as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

(a) An applicant who is applying for a reissued certificate shall, ~~W~~within three two years prior to receipt preceding the date of application, the applicant has completed at least 48 80 hours of continuing education that meets the following requirements: as specified in paragraphs (1) or (2) of this subsection and has submitted the certificates of completion for those courses to the Board:

~~(1)(2) For an applicant whose reissued certificate will not authorize signing reports on attest engagements, courses in the following subject areas are required: general accounting, and other comprehensive basis of accounting. 80 hours must be completed as follows:~~

(A) The 80 hours must be completed in the two years preceding receipt of application by the Board.

(B) All 80 hours must meet the requirements as described in Section 88.

(C) A minimum of 20 hours must be completed in the one year period immediately preceding receipt of application, with a minimum of 12 hours in subject areas described in subsection 88(a)(1).

~~(2) (1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, courses in the following subject areas are required: financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting. the 80 hours must be completed as follows:~~

(A) The 80 hours must be completed in the two years preceding receipt of application.

(B) All 80 hours must meet the requirements as described in Section 88.

(C) The 80 hours must be completed as follows:

(i) A minimum of 20 hours must be completed in the one year period immediately preceding receipt of application, with a minimum of 12 hours in subject areas described in subsection 88(a)(1).

(ii) 16 hours in financial accounting standards.

(iii) 16 hours in auditing standards.

(iv) 8 hours in compilation and review.

(v) 8 hours in other comprehensive basis of accounting.

(vi) 8 hours in the detection and/or reporting of fraud in financial statements.

(3) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(b) In lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 5070.7, Business and Professions Code.

§ 12. General Experience Required Under Business and Professions Code Section 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid, active license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company 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.

(3) (A) All verifications shall be submitted to the Board on Form 11A-29 (5/11) for public accounting experience or Form 11A-29A (5/11) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying ~~under Section 5092 or Section 5093 of the Business and Professions Code~~ with experience obtained five (5) or more years prior to application may be required to complete obtain 48 80 hours of continuing education, which shall ~~include general accounting, and other comprehensive basis of accounting; and to submit the certificates of completion to the Board~~ meet the following requirements:

(1) The 80 hours must be completed in the two years preceding receipt of application by the Board.

(2) All 80 hours must meet the requirements as described in Section 88.

(3) A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with a minimum of 12 hours in subject areas described in subsection 88(a)(1).

(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of

completion must also delineate the subject areas, as described in Section 88(a)(1) and (2), for which the applicant may claim credit.

NOTE: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code.
Reference: Sections 5092 and 5093, Business and Professions Code.

§ 12.5. Attest Experience Under Business and Professions Code Section 5095.

(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 holder of an ~~unexpired~~ valid, active 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 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) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(d) 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 active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company 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.

(3) (A) All verifications shall be submitted to the Board on Form 11A-6A (5/11) for public accounting experience or on Form 11A-6 (5/11) for private industry or governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (d)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (d)(3)(A).

(e) 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.

(f) 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).

(g) ~~The~~ An applicant who is applying with experience obtained five (5) or more years prior to application may be required to complete obtain 48 80 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.~~ meet the following requirements:

(1) The 80 hours must be completed in the two years preceding receipt of application by the Board.

(2) All 80 hours must meet the requirements as described in Section 88.

(3) The 80 hours must be completed as follows:

(A) A minimum of 20 hours must be completed in the one year period immediately preceding receipt of application, with a minimum of 12 hours in subject areas described in subsection 88(a)(1).

(B) 16 hours in financial accounting standards.

(C) 16 hours in auditing standards.

(D) 8 hours in compilation and review.

(E) 8 hours in other comprehensive basis of accounting.

(F) 8 hours in the detection and/or reporting of fraud in financial statements.

(3) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(h) The experience required by Sections 5092, 5093, or 5095 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code. Reference: Section 5023, 5092, 5093 and 5095, Business and Professions Code.



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SPC Item I. CBA Item X.D.2.
March 23, 2012 March 22-23, 2012

Discussion on the Role of the Strategic Planning Committee (SPC) and Review of the California Board of Accountancy (CBA) Member Guidelines and Procedures (G&P) Manual

Presented by: Kari O'Connor, Special Projects Analyst
Date: February 22, 2012

Purpose of the Item

The purpose of this item is to discuss the role of the newly-created SPC.

Action(s) Needed

CBA members will be asked to determine the role of the SPC for purposes of updating the CBA G&P Manual.

Background

Section 2 of the CBA G&P Manual (**Attachment 1**) defines the roles of existing committees at the CBA. Committees are either statutory (written into the Accountancy Act), or standing (can be created/dissolved at the discretion of the CBA). The SPC will serve as a standing committee. Other standing committees include the Committee on Professional Conduct (CPC), The Enforcement Program Oversight Committee (EPOC), and the Legislative Committee (LC). The roles of these committees as defined in the G&P Manual (**Attachment 2**) are included for reference.

Comments

Staff have prepared, for member consideration, the following information regarding the SPC to be incorporated in the CBA G&P Manual.

Strategic Planning Committee (SPC).

a.) Purpose.

To assist the CBA in the development and implementation of the CBA Strategic Plan by:

- Assisting with and overseeing the development of the CBA Strategic Plan on a triennial basis.
- Reviewing progress on completing goals and objectives outlined in the CBA Strategic Plan.

Discussion on the Role of the Strategic Planning Committee (SPC) and Review of the CBA Member Guidelines and Procedures Manual

Page 2 of 2

- Reporting updates to the CBA on a yearly basis, on the progress of the Strategic Plan.

b.) Membership.

- The SPC may be comprised of up to seven CBA members.

c.) Meetings.

- The frequency of the meetings is at least once per year, or as required by the Chair. Minutes are prepared from the meeting and presented to the CBA for acceptance.

Recommendation

Staff recommend the information regarding the role of the SPC be incorporated into the CBA G&P Manual.

Attachments

- 1.) CBA G&P Manual Section II
- 2.) CBA G&P Manual Section II B. Standing, Ad Hoc and Other Committees/Task Forces

CBA COMMITTEES AND TASK FORCES

The intent of all committees is to serve in an advisory capacity to the CBA. The Enforcement Advisory, Peer Review Oversight, and Qualifications Committees are statutory in nature, meaning their use is written into the Accountancy Act. All other committees are standing in nature, and may be created/dissolved at the CBA's discretion.

Each committee and/or task force shall have a Chairperson. The Chairperson is designated by the CBA President, and is tasked with running the committee/task force meeting. The Chair opens and closes the meeting, and counts the vote. The Chair is also responsible for coordinating with staff the creation of the minutes, and the presentation of those minutes to the CBA.

CBA members who wish to attend committee meetings, but that are not a part of the committee, may do so. However, pursuant to the Bagley-Keene Act, if the CBA member's presence at the committee meeting would constitute a CBA quorum, they may make no comment, vote on any agenda item, or sit at the table with the committee.

At the November CBA meeting, the President shall inform CBA members that if they wish to participate on a committee for the next year, they must submit written notice to the Executive Analyst. The Executive Analyst will then compile the list of interested parties, and supply it to the President in December. The President, at their discretion, will then make appointments to CBA committees effective the first of January, the following year.

B. STANDING, AD HOC, and OTHER COMMITTEES/TASK FORCES.

1. Committee on Professional Conduct (CPC).

a. Purpose.

To assist the CBA in consideration of issues relating to professional conduct by:

- Considering and developing recommendations on issues that apply to the practice of public accountancy and affect consumers
- Considering, formulating, and proposing policies and procedures related to emerging and unresolved issues
- Reviewing selected exposure drafts and developing recommendations to present to the CBA

b. Membership.

The CPC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The CPC generally meets before scheduled CBA meetings. Minutes are prepared from the meeting and presented to the CBA for acceptance.

2. Enforcement Program Oversight Committee (EPOC)

a. Purpose

To assist the CBA in the consideration of issues relation to professional conduct by:

- Reviewing policy issues related to the Enforcement Program
- Overseeing the program's compliance with CBA policies by way of performing periodic internal audits.

b. Membership.

The ECOP may be comprised of up to seven CBA members.

c. Meetings/Minutes

Meeting to review the CBA's Disciplinary Guidelines shall be held on a tri-annual basis. More frequent meeting for any purpose may be called as deemed necessary. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

3. Legislative Committee (LC).

a. Purpose.

To assist the CBA in its activities by:

- Reviewing, recommending, and advancing legislation relation to the practice of public accountancy.
- Coordination the need for and use of CBA members to testify before the Legislature.

b. Membership.

The LC may be comprised of up to seven CBA members.

c. Meetings/Minutes.

The frequency of the meetings is determined by the urgency of the issue(s) at hand. The LC meets as required by the Chair or approximately three times per year. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

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SPC Item II. CBA Item X.D.3.
March 23, 2012 March 22-23, 2012

Discussion on Methodology to Be Used to Develop the 2013-2015 CBA Strategic Plan

Presented by: Kari O'Connor, Special Projects Analyst

Date: February 21, 2012

Purpose of the Item

The purpose of this agenda item is to determine the methodology to be employed to develop the 2013-2015 California Board of Accountancy (CBA) Strategic Plan.

Action(s) Needed

The Strategic Planning Committee (SPC) will be asked to approve the staff recommendation for the development of the 2013-2015 CBA Strategic Plan.

Background

The CBA has successfully developed Strategic Plans using the following approaches:

2004–2007 Strategic Plan

This plan was developed in a workshop setting with the participation of the full CBA. A number of managers were at the workshop, but the plan was largely the result of direct CBA members' ideas and input, facilitated by a staff member from the DCA Training Unit. The workshop "looked back" at the CBA's prior Mission Statement, Vision Statement, Core Values and Guiding Principles and "brainstormed" these key elements to come up with a new Mission Statement, Vision Statement and Core Values & Guiding Principles for the CBA 2004 – 2007 Strategic Plan. CBA members additionally "brainstormed" Goals and Objectives, which were pasted on easel sheets around the workshop room. Staff took these original documents back to the office and revised and reorganized them as necessary, to bring a cohesive strategic plan to the CBA for consideration.

2005–2010 Strategic Plan

This plan was largely developed by staff with oversight from the CBA President and Vice President. The Mission and Vision Statements and Core Values and Guiding Principles went largely unchanged from the CBA 2004 – 2007 Strategic Plan. Goals and Objectives changed considerably.

2010–2012 Strategic Plan

This plan (**Attachment 1**) was developed in a workshop setting with the participation of four CBA members (Bob Petersen, Sally Anderson, Louise Kirkbride and Angela Chi) and numerous CBA staff, representing a cross-cut of classification levels, ranging from Office Technicians to managers to the Executive Officer. All fifteen CBA members were requested to provide input through a SWOT (Strength, Weakness, Opportunity, Threat) Analysis. Staff reviewed the input received through the SWOT Analysis developed at the October 2008 Working Conference for a comprehensive picture of these elements. The workshop, held at CBA headquarters, was facilitated by two staff members from the Department of Consumer Affairs' (DCA) Strategic Organization, Leadership and Individual Development Unit. The CBA Core Values and Guiding Principles went largely unchanged from the CBA 2005–2010 Strategic Plan. The Mission and Vision Statements, as well as stated Goals and Objectives changed considerably.

Comments

Development of prior strategic plans has been successfully achieved via each of the different methodologies. However, the methodology used in developing the 2010-2012 Strategic Plan proved very successful as it allowed participation from any and all CBA members who expressed interest as well as a wide variety of CBA Management and staff. The Mission and Vision Statements were updated in the prior plan, so it may not be necessary to update this information, but instead the focus would be on reviewing and updating the present Goals as well as the Objectives. Employing a similar strategy will again give the CBA members an opportunity to provide input either via a survey to identify goals and concepts to be considered for the new Strategic Plan and/or attending a workshop facilitated by the DCA Strategic Planning and Development Unit. All activities would be under the guidance and oversight of the SPC.

Recommendation

Staff recommend using the 2010-2012 methodology for the development of the 2013-2015 Strategic Plan. The collaboration between members and staff resulted in the development of a Strategic Plan that the CBA has used as a guide in accomplishing important objectives.

Attachments

2010-2012 CBA Strategic Plan



2010 - 2012 Strategic Plan



CALIFORNIA BOARD OF
ACCOUNTANCY

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Introduction

This Strategic Plan identifies nine goals and 45 objectives developed to enable the California Board of Accountancy (CBA) to meet its statutory mandate that protection of the public shall be its highest priority in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount. In meeting its mandate and mission, the CBA also strives to deliver the highest standards of service to all concerned, affected, and interested parties. While it will be challenging to execute the goals and objectives outlined here, this action-oriented plan is focused on consumer protection, customer service, and ensuring the CBA is responsive to the needs of our many stakeholders.

This plan is the outcome of planning workshops facilitated by the Department of Consumer Affairs' Strategic Organization, Leadership, and Individual Development team, and included CBA members, management and staff. The plan is intended to be staged over a three year period and updated as warranted. It reflects the reorganization of the Enforcement Division, consideration of a mandatory peer review process, and takes into account future resource needs.

The Strategic Plan focuses the efforts of the CBA to achieve the mandates of the Accountancy Act (California Business and Professions Code, Section 5000 *et. seq.*) and Accountancy Regulations (California Code of Regulations, Title 16, Division 1), as well as the policy directions of CBA Board members.

In an environment of fiscal and staffing constraints, the CBA articulates the following goals:

- Goal 1:** Pursue an active, effective, and efficient Enforcement Program to maximize consumer protection.
- Goal 2:** Deliver the highest level of customer service.
- Goal 3:** Enhance examination, licensure, license renewal, and practice privilege processes.
- Goal 4:** Provide and maintain effective and timely outreach to all CBA stakeholders.
- Goal 5:** Maintain an active presence and leadership role that efficiently leverages the CBA's position of regulatory influence.
- Goal 6:** Enhance internal processes to deliver responsive, effective, and innovative services to maximize limited resources.

Goal 7: Promote licensee competency.

Goal 8: Improve efficiency and information security through use of existing and emerging technologies.

Goal 9: Promote staff development and retention.

Our Mission

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Our Vision

All consumers are well informed and receive quality accounting services from licensees they can trust.

Core Values and Guiding Principles

Core values support the mission of the CBA and are essential to the success of this organization. Guiding principles embody the core values, are practiced in performing daily functions, and are utilized to fulfill the CBA's mission and vision.

Integrity

The CBA will act in an honest, ethical, and professional manner in all endeavors, and fully disclose all pertinent information.

Quality

The CBA will deliver service, information, and products that reflect excellence.

Openness

The CBA will actively promote the sharing of ideas and information throughout the organization and with the public, and be receptive to new ideas.

Initiative

The CBA will encourage creatively looking at problems and processes and actively seek solutions and improvements.

Respect

The CBA will be responsive, considerate, and courteous to all, both within and outside the organization.

Accountability

The CBA will take ownership and responsibility for its actions and their results.

Teamwork

The CBA will promote cooperation and trust at all levels by working with and soliciting the ideas and opinions of others.

Organization Description

From its inception in 1901, the CBA has, by statute, been charged with regulating the practice of accountants the public could rely upon as being competent. The original law prohibited anyone from falsely claiming to be a certified public accountant, a mandate which exists today. By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform Certified Public Accountant (CPA) Examination.
- Certifies, licenses and renews licenses of individual CPAs and Public Accountants (PA).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education requirements; reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

In 1971, the Legislature located the CBA within the newly-created Department of Consumer Affairs. The CBA currently regulates 76,500 licensees and 4,989 firms, the largest group of accounting professionals in the nation.

The CBA establishes and maintains entry level standards of qualification and conduct within the accounting profession, primarily through its authority to license. Through its Examination and Initial Licensure Programs, the CBA qualifies California candidates for the national Uniform CPA Examination; certifies and licenses individual CPAs, registers accountancy partnerships and accountancy corporations.

The CBA's Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain the current professional knowledge necessary for competent performance. Enhancements to continuing education ethics requirements and anticipated Peer Review legislation are expected to further strengthen licensee competency.

Through its Practice Privilege Program, the CBA registers out-of-state CPAs to practice public accountancy in California who possess a valid and active license, certificate, or permit from a substantially equivalent state as deemed by the CBA and defined by Section 5093 of the California Accountancy Act, or who possess individual education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act.

The objective of the CBA's Enforcement Program is to protect consumers, minimize substandard practice, rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only individuals, but firms. In light of challenges in staff recruitment, the CBA is restructuring its Enforcement Division in order to meet both current and future needs. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary actions against licensees for violations of statutes and regulations. In addition, this program monitors compliance with continuing education requirements, and it actively reviews the work products of CPAs, PAs and accountancy firms to ensure compliance with appropriate professional standards.

The CBA is self-funded, supported by fees paid by the professional community it regulates, and draws no monies from taxpayers nor the General Fund. Renewal fees fund the Enforcement and the Continuing Competency Programs. From the fees collected, the reserve balance in the CBA's contingent fund shall be equal to approximately nine months of annual authorized expenditures.

All goals and objectives support the mission and vision of the CBA.

Further, the CBA uses performance measures, where applicable, to track progress in achieving its goals and objectives, and to identify areas for improvement. Performance measures reflect the consumer protection mission of the CBA and provide a common focus for achievement.

Goal 1 Pursue an active, effective, and efficient Enforcement Program to maximize consumer protection.

Objectives

- 1.1 Recruit effective leadership for the Enforcement Program.
- 1.2 Evaluate the outcome of the Enforcement study and implement recommendations as appropriate.
- 1.3 Achieve salary parity for Investigative Certified Public Accountant (Investigative CPA) staff to ensure success in hiring and retention efforts.
- 1.4 Achieve an Investigative CPA staffing level to adequately address workload demands.
- 1.5 Continue to interface with other accounting regulatory agencies to assist the CBA's enforcement responsibilities.
- 1.6 Expand field work by Investigative CPAs.
- 1.7 Increase licensees' awareness of the consequences of unprofessional conduct.
- 1.8 Educate licensees about reportable events responsibilities.
- 1.9 Seek to remove or extend the Practice Privilege Program sunset date.

Goal 2 Deliver the highest level of customer service.

Objectives

- 2.1 Respond to all inquiries within a reasonable time frame.
- 2.2 Maintain a secure and relevant Web site that provides enhanced interactive features.
- 2.3 Explore the use of technology to enhance customer service.
- 2.4 Continue enhancing customer service through use of survey tools.

Goals and Objectives

Goal 3 Enhance examination, licensure, license renewal, and practice privilege processes.

Objectives

- 3.1 Achieve reasonable timeframes for processing license renewal applications.
- 3.2 Define “principle place of business” for Practice Privilege holders in the regulations.
- 3.3 Provide the option for online application for licensure and license renewal.
- 3.4 Accept credit card payments.

Goal 4 Provide and maintain effective and timely outreach to all CBA stakeholders.

Objectives

- 4.1 Ensure that all communications are current.
- 4.2 Transition the CBA’s Web site to the standards of the State Portal architecture and functionality.
- 4.3 Increase the CBA’s visibility and reputation with the legislature.
- 4.4 Develop a communication plan that increases and prioritizes outreach efforts and focuses on key messages.
- 4.5 Increase transparency of CBA activities.
- 4.6 Evaluate options for delivering agenda materials.
- 4.7 Develop and maintain brochures promoting consumer protection.

Goal 5 Maintain an active presence and leadership role that efficiently leverages the CBA’s position of regulatory influence.

Objectives

- 5.1 Proactively work with the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), and Prometric on behalf of national Uniform CPA Examination candidates to resolve issues in a fair and expeditious manner.
- 5.2 Establish a policy for CBA Board member participation in national committees.

- 5.3 Monitor national association activities and respond as appropriate.

Goal 6 Enhance internal processes to deliver responsive, effective, and innovative services to maximize limited resources.

Objectives

- 6.1 Develop a process improvement plan for each program with target dates for implementation.
- 6.2 Include appropriate representation from all divisions when developing new policies, rules, or regulations.
- 6.3 Review and refine organizational structure as necessary.
- 6.4 Maintain a plan to ensure that the CBA has adequate staffing and skill levels in response to employee retirement and attrition.
- 6.5 Redesign existing workspace to enhance organization cohesiveness and productivity.
- 6.6 Evaluate internal document review processes.

Goal 7 Promote licensee competency.

Objectives

- 7.1 Implement mandatory peer review in California.
- 7.2 Educate licensees about the peer review process.
- 7.3 Explore the feasibility of conducting educational workshops in various regions of the state.
- 7.4 Review general accounting experience requirements for licensure and revise regulations as warranted.

GOAL 8 Improve efficiency and information security through use of existing and emerging technologies.

Objectives

- 8.1 Apply best practices to safeguard the confidentiality, integrity, and availability of CBA's information assets.
- 8.2 Pursue integration of all internal CBA databases.
- 8.3 Plan for consolidation with DCA's IT systems.
- 8.4 Transition to electronic data storage.

Goal 9 Promote staff development and retention.

Objectives

- 9.1 Evaluate staff annually and provide essential training to maintain currency of knowledge and achieve optimum skill levels.
- 9.2 Design a process for cross-training staff for operational and promotional opportunities.
- 9.3 Hold an annual staff conference for individual development and team building.
- 9.4 Develop and implement a staff recognition program.



Prepared by
The California Board of Accountancy
Department of Consumer Affairs

July 2009



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SPC Item III. CBA Item X.D.4.
March 23, 2012 March 22-23, 2012

Discussion on Future Meeting Dates for the Strategic Planning Committee and Plan Development

Presented by: Kari O'Connor, Special Projects Analyst

Date: February 21, 2012

Purpose of the Item

The purpose of this item is to set future meeting dates for the development of the 2013-2015 California Board of Accountancy (CBA) Strategic Plan.

Action(s) Needed

CBA members will be asked to determine future meeting dates of the Strategic Planning Committee (SPC) and dates for the development of the CBA Strategic Plan.

Background

None.

Comments

Meeting dates for the SPC and planning activities are contingent upon the methodology chosen by the SPC for the development of the 2013-2015 CBA Strategic Plan. A tentative outline for strategic planning activities, organized by each methodology approach is included in **Attachment 1**. The CBA At-A-Glance-Calendar (**Attachment 2**) is included for reference.

Recommendation

Staff recommend the dates proposed for Approach 3 – the method which consists of a survey to all members, and a workshop attended by CBA staff and several CBA/SPC members to develop the Strategic Plan.

Attachments

- 1.) Proposed Dates for Strategic Planning Activities
- 2.) 2012 CBA Year-At-A-Glance Calendar



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Attachment 1

Proposed Dates for Strategic Planning Activities

Approach 1 – Method which consists of participation from all CBA members.

CBA Members would meet in conjunction with the July 2012 CBA Meeting to develop the Strategic Plan. The final draft of the Strategic Plan will be presented for CBA review and adoption at the November 2012 meeting.

Proposed Dates:

- Wednesday, July 11, 2012 or Friday, July 13, 2012

Approach 2 – Method which consists of CBA Executive staff and management developing the Strategic Plan, with oversight and guidance provided by the SPC and CBA leadership.

Meetings with CBA staff to develop the Strategic Plan will be scheduled by managers, as needed. Drafts and updates on the development of the Strategic Plan will be presented to the SPC. The final draft of the Strategic Plan will be presented for CBA review and adoption at the November 2012 meeting.

Proposed Dates for SPC Meetings:

- July 26, 2012 SPC Meeting – Review progress of development
- September 20, 2012 SPC Meeting – Review draft of Strategic Plan

Approach 3 – Method which consists of a workshop attended by CBA staff and several CBA/SPC members to develop the Strategic Plan.

A workshop, to develop the Strategic Plan with input of various CBA/SPC members and staff, would be held over one or two days and facilitated by staff from the DCA Strategic Planning Unit. The final draft of the Strategic Plan will be presented for CBA review and adoption at the November 2012 meeting.

Proposed Dates for Workshop:

- June 5-6, 2012

Proposed Dates for SPC Meetings:

- July 26, 2012 SPC Meeting – Review progress of development
- September 20, 2012 SPC Meeting – Review draft of Strategic Plan

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2012 MEETING DATES/LOCATIONS
(CBA MEMBER COPY)**

JANUARY 2012

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	SC	SC	SC	28
29	30	31				

FEBRUARY 2012

S	M	T	W	Th	F	S
			1	NC	3	4
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26	27	28	29			

MARCH 2012

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APRIL 2012

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29	30					

MAY 2012

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JUNE 2012

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JULY 2012

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AUGUST 2012

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SEPTEMBER 2012

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23	24	25	26	27	28	29
30						

OCTOBER 2012

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28	29	30	31			

NOVEMBER 2012

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DECEMBER 2012

S	M	T	W	Th	F	S
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2	3	SC	5	6	7	8
9	10	11	12	SC	14	15
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23	24	25	26	27	28	29
30	31					

COMMITTEE/TASK FORCE
 EAC-ENFORCEMENT ADVISORY COMMITTEE
 QC-QUALIFICATIONS COMMITTEE
 ECC-ETHICS CURRICULUM COMMITTEE
 PROC-PEER REVIEW OVERSIGHT COMMITTEE

GENERAL LOCATION
 NC-NORTHERN CALIFORNIA
 SC-SOUTHERN CALIFORNIA

CBA OFFICE CLOSED
CBA MEETING
DCA CONFERENCE
SPECIAL CBA MEETING ON LEGISLATION
EAC MEETING
QC MEETING
PROC MEETING



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SPC Item IV. CBA Item X.D.5.
March 23, 2012 March 22-23, 2012

Update on 2010-2012 CBA Strategic Plan

Presented by: Kari O'Connor, Special Projects Analyst

Date: February 28, 2012

Purpose of the Item

The purpose of this item is to inform the Strategic Planning Committee (SPC) members of the status of objectives from the 2010-2012 CBA Strategic Plan.

Action(s) Needed

No specific action is required for this agenda item, it is being provided for informational purposes only.

Background

Members are being provided the current status (**Attachment 1**) of each of the 45 Objectives contained in the CBA 2010-2012 Strategic Plan. Objectives that have been "achieved" are noted in the attachment. The remaining Objectives, noted on the Attachment as "in process" may well comprise the starting point for development of the 2013-2015 CBA Strategic Plan.

Comments

None

Recommendation

Staff have no recommendation on this item.

Attachments

2010-2012 CBA Strategic Plan Update

Objectives	Current Status
Goal 1: Pursue an active, effective, and efficient Enforcement Program to maximize consumer protection	
1.1 Recruit effective leadership for the Enforcement Program	Achieved.
1.2 Evaluate the outcome of the Enforcement study and implement recommendations as appropriate	Achieved. Due to passage of Executive Order S-09-09 issued in June 2009, which required that state agencies stop contract spending, it became necessary to limit the scope of the Enforcement Study that was initiated in April 2009. Still, strategies suggested in the study related to utilization of analytical staff for non-technical investigations, and utilization of part-time technical investigators have been incorporated into the Enforcement Program – the latter accomplished through use of outside consultants used on an “as needed” basis.
1.3 Achieve salary parity for Investigative CPA staff to ensure success in hiring and retention efforts	In process. SEIU 1000, the union that represents Investigative CPAs is presently in discussions with the Department of Personnel Administration (DPA) with regards to the salary parity issue. However, changes to the Investigative CPA examination and implementing a tele-work option for new technical investigators has led to a significant increase in the pool of interested candidates and recent successes in finding qualified candidates.
1.4 Achieve an Investigative CPA staffing level to adequately address workload demands	Achieved. Anticipate hiring of 3 Investigative CPAs in January 2012, as well as the shift of non-investigative workload to 5+ analysts.
1.5 Continue to interface with other accounting regulatory agencies to assist CBA's enforcement responsibilities	Achieved. Attended NASBA Legal Conference in March 2011; networking with NASBA and other state boards; referring enforcement matters to local and District Attorney's; and working with the SEC and the US Attorney's Office.
1.6 Expand field work by Investigative CPAs	Achieved. “In-person” probation monitoring meetings, practice investigations and hiring of investigative staff remotely throughout California.
1.7 Increase licensees' awareness of the consequences of unprofessional conduct	Achieved. Initiated “At A Glance” series of articles in the UPDATE publication.
1.8 Educate CPAs about reportable events responsibilities	Achieved. Article published in Spring 2011 UPDATE, Issue 66. Two tasks on hold pending legislative passage of modified reporting requirements, to be effective January 1, 2012, are: (1) post the modified legislative change on CBA website that exempts reporting of restatements that are included in any report filed with the SEC and (2) discussion with Licensing Division regarding including reportable events information with licensure approval letter.

Objectives	Current Status
1.9 Seek to remove or extend the sunset date on the Practice Privilege Program	Achieved. Sunset date for the Practice Privilege article was repealed by SB 819 of 2009.
Goal 2: Deliver the Highest Level of Customer Service	
2.1 Respond to all inquiries within a reasonable time frame	Achieved. Staff continues to strive to answer all telephone calls live, return voicemails on the same day, and respond to e-mails within a one-day turnaround time. Managers within the Licensing Division, which handles the most inquiries, have implemented unit calendars identifying various staff members assigned to telephone and e-mail responsibilities.
2.2 Maintain a secure and relevant website that provides enhanced and interactive features	Achieved. Staff continually verifies access to and usability of various website utility programs; created CBA Enews utility to allow greater access for stakeholders; added a link on the website to the CBA Facebook and Twitter pages; created and posted the Peer Review Database and Peer Review Reporting Form.
2.3 Explore the use of technology to enhance customer service	Achieved. Increased usage of Facebook and Twitter has enhanced external customer service. An intranet community wall post has enhanced internal customer service. Several more options for using technology are in process.
2.4 Continue enhancing customer service through use of survey tools	Achieved. A survey was developed and provided to staff seeking input regarding the working environment at the CBA. The survey was launched in 2011 for a period of 6 months. During the survey, results were reviewed by senior management and then provided to both management and staff. As a result of the survey, improvements were made in areas such as staff communication, timely performance appraisals, staff recognition and opportunities for staff training.

Objectives	Current Status
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Goal 3: Enhance examination, licensure, license renewal, and practice privilege processes.	
3.1 Achieve reasonable timeframes for processing license renewal applications	In process. Completed baseline evaluations in the Renewal and Continuing Competency Unit, and are monitoring quarterly the timeframes for license renewal processing. Staff will continue to review the timeframes and are developing processes and procedures to improve timeframes. It's anticipated that the credit card payment option tied to BreEZe should create positive impact in terms of reducing processing timeframe. In the interim, staff is using internal resources and has worked on two Saturdays in November and December 2011 to address the large volume of renewal applications that are pending review and additional Saturday overtime work is being scheduled in 2012.
3.2 Define "principle place of business" for practice privilege holders in the regulations	In process. Principal place of business definition has been drafted and is currently in the surname review process, for discussion at the March 2012 CBA meeting. CBA members to provide guidance regarding further actions in this area, in terms of possible regulatory changes.
3.3 Provide the option for online application for licensure and license renewal	In process. DCA to implement online application for licensure for all Consumer Affairs' boards and bureaus in conjunction with development and deployment of BreEZe. The CBA is targeted to transition to the BreEZe system in late 2013.
3.4 Accept credit card payments	In process. DCA to implement credit card processing for all Consumer Affairs' boards and bureaus in conjunction with development and deployment of BreEZe. The CBA is targeted to transition to the BreEZe system in late 2013.

Objectives	Current Status
Goal 4: Provide and maintain effective and timely outreach to all CBA stakeholders.	
4.1 Ensure that all CBA communications are current	Achieved. Coordinated and updated the CBA website with new/edited content, providing consumers with the most accurate information. All CBA handbooks are updated; latest Update #67 is published; CBA calendar contains latest events and supportive materials; new web pages for new licensure requirements and CBA Regulations have been created; pending accusations and enforcement actions have been disclosed. E-News subscriptions have almost tripled, and E-News announcements have become a common method for Outreach.
4.2 Transition the CBA's Website to the standards of the State Portal architecture and functionality	In process. Attend Web Master User Group Meetings presented by the Office of Technology Services; maintain and update html and css programming code; revise all Acrobat PDFs on the CBA website to pass accessibility (400 completed to-date); and continue to look for solutions that may present a more usable interface with the consumer.
4.3 Increase the CBA's visibility and reputation with the Legislature	Achieved. Make regular contact, in accordance with legislative calendar, in order to stay apprised of issues impacting the CBA or the profession; conduct "Meet and Greet" meetings with Business and Professions Committee members at the start of every legislative session; meet with author or staff of CBA sponsored legislation to stay apprised of the status of bills; write letters communicating positions following CBA meetings at which positions are taken.
4.4 Develop a communication plan that increases and prioritizes outreach efforts and focuses on key messages	Achieved. Created 2010-2012 CBA Communications & Outreach Plan
4.5 Increase transparency of CBA's activities	Achieved. Began webcasting all CBA meetings in January 2010. Using social media to update followers regarding CBA activities and driving them to CBA website and webcast meetings makes CBA more accessible.
4.6 Evaluate options for delivering agenda materials	Achieved. Options have been assessed and plans are in place to affect electronic delivery of agenda materials to interested parties. Purchase of electronic readers for CBA member use is currently on hold, awaiting State & Consumer Services Agency approval to move forward with the concept of paperless meetings.

Objectives	Current Status
4.7 Develop and maintain brochures promoting consumer protection	Achieved. New Consumer Protection Booklet is in production, with creation of new materials planned.
Goal 5: Maintain an active presence and leadership role that efficiently leverages the CBA's position of regulatory influence.	
5.1 Proactively work with the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), and Prometric on behalf of CPA Examination candidates to resolve issues in a fair and expeditious manner	Achieved. Reinstated the Uniform CPA Examination Site Visits program. Staff plan on having all site visits completed by April 2012. Respond to annual surveys received from NASBA and the AICPA regarding administration of the Uniform CPA Examination. Completed tri-party contract with NASBA and Prometric related to administration of the Uniform CPA Examination for 2010-2012.
5.2 Establish a policy for Board Member participation in national committees	Achieved. Adopted in the CBA Member Guidelines & Procedures Manual, a policy that the CBA encourages its members to participate in national committees, including those of the AICPA and NASBA.
5.3 Monitor national association activities and respond as appropriate	Achieved. Staff monitors all national associates for exposure drafts that are open for comment, and disseminates that information to CBA members via the Executive Officer Monthly report. Staff then responds as appropriate. Staff also routinely responds to NASBA focus questions, and the Executive Officer attends the NASBA annual meeting when possible.

Objectives	Current Status
Goal 6: Enhance internal processes to deliver responsive, effective, and innovative services to maximize limited resources.	
6.1 Develop a process improvement plan for each program with target dates for implementation	<p>Enforcement Division: Implemented significant process improvements including creation of the Non-technical Investigations Unit; revising the recruitment examination for Investigative CPAs; hiring Investigative CPA to work remotely; and implementing the DCA's Consumer Protection Enforcement Initiatives.</p> <p>Licensing Division: Score posting process for examination applicants was automated, resulting in expedited score release for applicants and reduced staff time to finalize the scores. Payment intake process was streamlined, shortening the approval time for initial and repeat examination candidates. License approval process was revised resulting in a shorter turnaround time for license issuance. Licensing Division Managers were rotated for purposes of cross-training, succession planning and to expose staff and management to new program areas and management styles.</p>
6.2 Include appropriate representation from all divisions when developing new policies, rules, or regulations	<p>Achieved. This issue was the topic of discussion at manager and senior manager meetings. Protocols are now followed to ensure that manager representation from all divisions is present during meetings underpinning development of new policies, rules and regulations. Further, the surname process utilized when developing new regulations and policies has been expanded to ensure managers from each division have opportunity to review and provide input.</p>
6.3 Review and refine the CBA's organizational structure as necessary	<p>Achieved. Created the Non-Technical Unit in the Enforcement Division; drafted a reorganization plan for Licensing Division, including movement of Peer Review, Practice Privilege and Continuing Education audit functions to the Enforcement Division.</p>
6.4 Maintain a plan to ensure that the CBA has adequate staffing and skill levels in response to employee retirement and attrition	<p>Achieved. Presented to the CBA a multi-phase Workforce and Succession plan for CBA Senior Staff and Supervisors. Complete Workforce and Succession plan distributed to all CBA members with January 2012 Executive Officer Monthly Report.</p>
6.5 Redesign CBA's existing workspace to enhance organization cohesiveness and productivity	<p>Achieved. Facility remodel completed with installation of donated modular furniture from DCA Division of Investigations.</p>

Objectives	Current Status
6.6 Evaluate CBA internal document review process	Achieved. Created project management team to research and propose solutions to management.
Promote licensee competency.	
7.1 Implement mandatory peer review in California	Achieved. Passage of AB 138, Statutes of 2009.
7.2 Educate licensees about the peer review process	Achieved. Developed Peer Review Brochure and posted to the CBA website; published various articles in UPDATE regarding peer review legislation; posted news releases regarding peer review; ran radio spots regarding peer review; developed web page related to peer review for licensees; developed two sets of FAQs and posted to the CBA website; sent letter to all impacted licensees informing them of their peer review reporting requirement; drafted a reminder, final notice, and deficiency letter to all impacted licensees; updated licensee handbook with information on peer review; updating the renewal forms and initial licensing forms to include peer review information.
7.3 Explore the feasibility of conducting educational workshops in various regions of the state	Achieved. Contacted multiple colleges to perform outreach to students; contacted the Franchise Tax Board and Board of Equalization for outreach opportunities. Contacts led to educational presentations by staff at some colleges until travel by state employees was restricted. Educational outreach at that time shifted to holding open houses in conjunction with CBA meetings.
7.4 Review general accounting experience requirements for licensure and revise regulation as warranted	Achieved. The CBA reviewed the general experience requirements for CPA licensure at the September 2010 CBA meeting and made no recommendations for changes.

Objectives	Current Status
Goal 8: Improve efficiency and information security through use of existing and emerging technology.	
8.1 Apply best practices to safeguard the confidentiality, integrity, and availability of CBA information assets	<p>Achieved. Redundancies have been incorporated into the network architecture where more servers, traditionally a physical piece of equipment, have been virtualized. This enables servers having specific functionality to share drive space, memory, and processor time with other servers on common physical host machines. This solution facilitates the use of mirrored, hot-swap servers for failure contingencies. Physical server failure planning has normally required redundant equipment and results in comparatively longer down time that reduces availability of information services. This configuration also enables the creation of hidden networks that are accessible only by appointed connections, therefore avoiding hacking attacks and unauthorized data access.</p>
8.2 Pursue integration of all internal CBA databases	<p>In process. Working with DCA staff to migrate all relevant internal CBA databases into BreEZe. Presently defining database fields and documenting databases to facilitate incorporation into BreEZe. Certain other program-specific databases will be migrated to web-based applications but be maintained as stand-alone solutions.</p>
8.3 Plan for consolidation with DCA's IT systems	<p>In process. Subsequent to development of this objective, the State of CA embarked on a wide-spread integration program for information technology systems. Presently, staff is working with DCA and the Office of Technology Services to transition all mission critical CBA systems to secured locations, as mandated by AB 2408, Statutes of 2009. This bill requires a transition of mission-critical and public-facing applications to Tier III data centers, and closure of all other existing server rooms by June 2013. Transition to California Email Systems (CES) is presently underway, with the DCA being part of a pilot project to launch a single email system for all California state agencies. It is anticipated that the CBA will be fully transitioned to CES by the end of January 2012.</p>
8.4 Transition to electronic data storage	<p>In process. DCA to implement electronic data storage (EDS) system for all DCA boards and bureaus in conjunction with development and deployment of BreEZe. Activities and research into a CBA-specific solution have abated to benefit from cost effectiveness, efficiencies and uniformity gained from participating in the department-wide EDS system.</p>

Objectives	Current Status
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Goal 9: Promote staff development and retention.	
9.1 Promote Staff Development & Retention	Achieved. Created CBA 2012-2014 Workforce & Succession Plan
9.2 Design a process for cross-training for operational and promotional opportunities	Achieved. Management's commitment to cross-training staff is reflected in the CBA 2012-2014 Workforce under the planning strategy "Knowledge Management". Cross-training has consistently been employed by CBA managers to affect efficiencies and continuity of work processes at this agency, and was recently evidenced in the rotation of three managers in the Licensing Division.
9.3 Hold an annual staff conference for individual development and team building	Achieved. Held a team building session (FISH Philosophy) facilitated by DCA. Efforts towards individual development and team building to continue.
9.4 Develop and implement a staff recognition program	Achieved. Created CBA Leadership Award of Excellence and CBA Manager Distinguished Service Award to be presented annually to two staff members; created an employee appreciation quarterly theme.



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CBA Item X.E.2.
March 22-23, 2012

Discussion on the Role of the Enforcement Advisory Committee (EAC)

Presented by: Cheryl Gerhardt, EAC Chair

Date: March 6, 2012

Purpose of the Item

The purpose of this agenda item is to provide an overview on the role of the Enforcement Advisory Committee (EAC).

Action(s) Needed

No specific action is required on this agenda item.

Background

Business and Professions (B&P) Code Section 5020 authorizes the California Board of Accountancy (CBA) to appoint up to 13 licensees to serve on the EAC. Presently, 11 members are serving on the EAC, including the Committee chair and vice-chair.

The EAC acts in an advisory capacity and is only authorized to report its findings or recommendations for any investigation or investigative hearing to the CBA, or upon direction of the CBA, to the Executive Officer (EO).

The EAC serves under the direction of the EO and assists with enforcement activities involving the investigation of complaints. The EAC's primary role includes participating in investigative hearings and providing technical advice on investigative files.

Investigative Hearings

The purpose of investigative hearings is to develop and obtain additional information and to provide licensees an opportunity to present their position on matters under investigation. At least two EAC members will participate in an investigative hearing with one acting as the lead interviewer. The EAC lead interviewer works closely with Enforcement staff to develop questions for discussion at the hearing. Following the hearing, the EAC members along with the other panel participants, will recommend a course of action, including closure of the case, further investigation, continuing professional education pursuant to CBA Regulation Section 87.5, issuance of a citation and fine, or referral to the Attorney General's Office for preparation of an accusation.

Discussion on the Role of the Enforcement Advisory Committee

Page 2

Technical Advice on Investigative Files

The EAC provides technical advice on open investigations that involve allegations of competency and quality issues, negligence, dishonest, fraud, and embezzlement, as well as a sample of investigations closed by Enforcement investigative staff when they conclude there is no violation or insufficient evidence to support an enforcement action.

EAC Meetings

The EAC conducts its business at regularly scheduled one-day meetings held four to five times per year, alternating between northern and southern California. The agenda generally consists of the investigation file review, a general business meeting, and the investigative hearings. However, outside of the regularly scheduled meetings, an EAC member, based on his or her expertise and scope of practice experience, may be called upon by Enforcement staff to provide technical assistance in the investigation of a complex case or requested to participate in an investigative hearing.

EAC Member Qualifications

Applicants for appointment to the EAC must have been actively licensed for a minimum of two years prior to appointment and must not have any pending enforcement actions. Each EAC member must maintain an active license status during his or her tenure on the Committee. Members are chosen from all sizes of firms and are selected based on their knowledge in the areas of accounting, auditing, and/or tax services. The members' collective range of technical knowledge and expertise is an asset in the CBA's enforcement process.

Comments

None.

Recommendation

None.



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CBA Item X.G.2.
March 22-23, 2012

2011 PROC Annual Report

Presented by: Nancy J. Corrigan, Chair

Date: February 22, 2012

Purpose of the Item

The purpose of this item is present the California Board of Accountancy (CBA) with the Peer Review Oversight Committee's (PROC) 2011 Annual Report (Report).

Action(s) Needed

No specific action is necessary.

Background

Pursuant to Title 16, California Code of Regulations (CCR), Section 47(c), the PROC is required to report to the CBA annually regarding the results of its oversight, including the scope of work, findings, and conclusions.

Comments

CCR Section 47(c) requires that the PROC report annually regarding its oversight of the CBA's Peer Review Program. This initial Report also contains Peer Review Program information beyond the scope of those specific mandated requirements, in order to provide stakeholders with a summary of the historical genesis of the Peer Review Program as well as perspective regarding program implementation beyond just the PROC's activities. PROC activities and accomplishments, which represent the real focus of this Report, are iterated in Section X. "Activities and Accomplishments", beginning on page seven of the Report.

Recommendations

It is recommended that the CBA continue to provide guidance to the PROC concerning oversight activities.

Attachment

1. Peer Review Oversight Committee's 2011 Annual Report to the CBA



CALIFORNIA BOARD OF ACCOUNTANCY
PEER REVIEW OVERSIGHT COMMITTEE
2011 Annual Report



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I. Message from the Committee Chair

I am pleased to present the Peer Review Oversight Committee's (PROC) 2011 Annual Report. We have made significant progress on our assignment to establish a peer review oversight process with the ultimate goal of making recommendations to the California Board of Accountancy (CBA) to ensure the effectiveness of mandatory peer review.

Since my initial planning session with CBA staff in October 2010 and the first committee meeting held in November 2010, I have reported our activities to you at each CBA meeting. Our first few meetings focused on understanding the administration of the peer review process, the various bodies involved in the process, including the program provider and the administering entity, and our roles and responsibilities. This process was necessary in order to gain a foothold and establish ourselves as an operating committee.

In 2011, members provided oversight at sixteen peer review events, including peer review board and committee meetings, report acceptance body meetings, and a peer reviewer training course all directed by the program provider and administering entity. In order to document these activities, the committee developed checklists for event monitoring. The checklists we developed were created using information gathered from states with active oversight committees, which we revised to meet California's unique needs. The checklists we have developed have received praise from the National Association of State Boards of Accountancy and are being used as templates to create and improve oversight materials nation-wide.

The PROC has also provided input to the CBA on three American Institute of Certified Public Accountants' (AICPA) exposure drafts, and developed a PROC Procedures Manual which outlines the roles and responsibilities of the committee and defines how and when oversight activities are to be performed.

While the majority of 2011 was spent acquainting ourselves with the process, we have already faced challenges and identified several potential future issues to address. The matter concerning the conflicts of interest involving committee members has been largely resolved, whereas work is still being done on the oversight of the National Peer Review Committee (NPRC) and the ability to access peer review documents. These issues are discussed in more detail in the report.

Although we still have work ahead of us, we believe we are progressing well to achieve the CBA objectives for our Committee, as you will see presented within this report.

In closing, I want to thank the CBA members for their vision and guidance which enabled the PROC to accomplish so much in its first year. I would also like to thank PROC members for their contributions to our Committee's accomplishments. I also want to add that the PROC has enjoyed an excellent working relationship with the CBA staff, and that they have been a tremendous support to the committee and our goals and objectives.

Nancy J. Corrigan, CPA
Committee Chair

II. Background

In 2009, the CBA sponsored Assembly Bill 138 (AB 138) implementing mandatory peer review. AB 138 was signed by Governor Arnold Schwarzenegger and became effective on January 1, 2010, requiring all California licensed firms providing accounting and auditing services, including sole proprietorships, to undergo a peer review once every three years as a condition of license renewal. At the time the legislation passed, 41 other jurisdictions had already implemented a peer review requirement.

On January 1, 2010, emergency regulations became effective to implement, interpret and make specific peer review requirements. On June 30, 2010, Division 1, Title 16, California Code of Regulations (CCR), Article 6, Sections 39 through 48.6, were adopted as permanent peer review regulations.

Peer review is defined as the study of a firm's accounting and auditing practice by an independent Certified Public Accountant (CPA) using professional standards, the purpose of which is to promote quality in the accounting and auditing services provided by CPAs.

III. PROC Responsibilities

The PROC derives its authority from Section 5076.1 of the Business and Professions Code (B&P). The PROC is comprised of seven CPAs of this state who maintain a license in good standing and who are authorized to practice public accountancy. The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The CBA, at its January 2008 meeting, adopted the following roles and responsibilities for the PROC:

- Oversee the activities of Board-recognized peer review program providers (Providers) related to how peer reviews are processed and evaluated
- Ensure Providers are administering peer reviews in accordance with the standards adopted by the CBA
- Ensure that peer reviewers are properly qualified
- Ensure that peer reviews are being accepted in a consistent manner by Providers
- Conduct site visits of Providers and their peer review committees
- Review a sample of peer review reports
- Represent the CBA at Providers' peer review meetings
- Evaluate organizations that apply to become Board-recognized Providers

IV. Committee Members

The PROC is comprised of seven members, all of whom must possess and maintain a valid and active license to practice public accountancy issued by the CBA. Members are appointed to two-year terms and may serve a maximum of four consecutive terms.

<u>Current members:</u>	<u>Term Expiration Date:</u>
Nancy Corrigan, CPA, Chair	August 13, 2012
Katherine Allanson, CPA	August 31, 2012
Gary Bong, CPA	July 28, 2012
T. Ki Lam, CPA	August 19, 2012
Robert Lee, CPA	July 28, 2012
Sherry McCoy, CPA	August 19, 2012
Seid Sadat, CPA	July 28, 2012

V. Legislation and Regulations

On October 3, 2011, Senate Bill (SB) 543 made the following changes to B&P Code Sections 5076 and 5076.1:

- Removed the January 1, 2014 sunset date, making mandatory peer review and the PROC permanent.
- Changed the date of the report that is due to the Governor and Legislature regarding peer review requirements to January 1, 2015.
- Added additional reporting requirements in the report to the Governor and Legislature. A detailed list of the items to be included in the report can be found in Section VII – Peer Review Voluntary Survey.

These changes were operative on January 1, 2012.

On January 20, 2011, the CBA adopted regulations adding Sections 38, 47, and 48.4 to Article 6, Title 16, CCR. These sections address the purpose of the Article, further defined the PROC, and provide an appeal process for peer review program provider applicants who are denied Board recognition.

On May 25, 2011, the CBA adopted regulations modifying Section 48.3 which requires a Board-recognized peer review program provider to provide the CBA with copies of substandard peer review reports issued to California licensed firms within 60 days from the acceptance date.

VI. Reporting Requirements

Pursuant to B&P Code, Section 5076(n)(1), as amended on October 3, 2011 by SB 543, the CBA is required to provide the Legislature and Governor with a report regarding the peer review requirements that include, without limitation:

- The number of peer review reports completed to date and the number of substandard peer review reports which were submitted to the board.
- The number of enforcement actions that were initiated as a result of an investigation of a failed peer review report.
- The number of firms that were recommended to take corrective actions to improve their practice through the mandatory peer review process, and the number of firms that took corrective actions to improve their practice following recommendations resulting from the mandatory peer review process.
- The extent to which mandatory peer review of accounting firms enhances consumer protection.
- The cost impact on firms undergoing mandatory peer review and the cost impact of mandatory peer review on the firm's clients.
- A recommendation as to whether the mandatory peer review program should continue.
- The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.
- The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting.
- The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.
- A recommendation as to whether the preparation of nondisclosure compiled financial statements on an other comprehensive basis of accounting should continue to be a part of the mandatory peer review program.

VII. Statistics

The following statistics provide perspective on the size of the peer review program in California.

With the implementation of mandatory peer review, all licensees are required to submit a Peer Review Reporting Form (Form PR-1(1/10)) to the CBA. Licensees with a license number ending in 01-33 had a reporting date of July 1, 2011, licensees with a license number ending in 34-66 have a reporting date of July 1, 2012, and licensees with a license number ending in 67-00 have a reporting date of July 1, 2013.

Using information collected on the Peer Review Reporting Form, the following table illustrates the number of firms required to undergo a peer review, firms not required to undergo peer review, and licensees that do not operate as firms.

Peer Review Reporting Forms Received by the CBA*						
License Ends In	Reporting Date	Firms Requiring Peer Review	Firms Not Requiring Peer Review	Licensees Not Operating as a Firm	Total	Licensees That Have Not Reported
01-33	July 1, 2011	2,099	4,105	15,014	21,218	1,701
34-66	July 1, 2012	591	1,848	6,846	9,285	10,884
Total		2,690	5,953	21,860	30,503	12,585

* Data as of January 9, 2012.

The data in the following table reflects the number of peer review reports accepted by the California Society of Certified Public Accountants (CalCPA) in 2010 and 2011.

Peer Review Reports Accepted by the CalCPA*			
Type of Review	2010	2011	Total
System	413	406	819
Engagement	535	870	1,405
Total	948	1,276	2,224

*Data received from CalCPA as of February 21, 2012.

VIII. Peer Review Voluntary Survey

In order gather information on the impact of mandatory peer review, the CBA developed a voluntary survey for firms to complete as they submit their Online Peer Review Reporting Form. The survey went live on the CBA website on December 9, 2010. The PROC will continue to use the results of this ongoing survey to ensure the effectiveness of mandatory peer review.

For the purpose of analysis, preliminary survey results (**Appendix A**) were divided into two groups: (1) firms that have not undergone a peer review in the past, and (2) firms that have previously been peer reviewed. Although not all licensees answered all the survey questions, between 1,025 and 1,150 responses were received for each question. In general, the results revealed:

- **CORRECTIVE ACTION ORDERED**
Less than 25% of the firms were required to take corrective action, with the most common action being continuing professional education.
- **VOLUNTARY ACTION TAKEN**
Approximately half of the firms responding made voluntary changes to improve their processes.

- FEES
Fewer than 10% of the firms increased fees to offset the cost of undergoing a peer review. The average increase for firms that raised fees was 12%.
- OCBOA
A large majority of the firms have workload consisting of 25% or less OCBOA engagements.
- IMPROVED SERVICES
70% of the firms believe that undergoing a peer review has helped improve service to clients.
- CLIENT NOTIFICATION
50% of the firms intend to notify clients that they have undergone a peer review.
- MARKETING
31% of the firms will use peer review as a marketing tool.
- CESSATION OF SERVICES:
8% of the firms will cease providing accounting and auditing services to eliminate the need for a future peer review.

Of the 174 general comments received as part of the survey, 30% were supportive of mandatory peer review whereas 52% were not supportive.

IX. Board-recognized Peer Review Program Providers

a. American Institute of CPAs (AICPA)

The AICPA is currently the only Board-recognized Peer Review Program Provider. Through regulation, the CBA established that the AICPA Peer Review Program meets the standards outlined in CCR Section 48. Further, the CBA accepts all AICPA-approved organizations authorized to administer the AICPA Peer Review Program. At present, there are 42 administering entities. The PROC has the authority to request information and materials from all organizations; however, its 2011 oversight responsibilities focused on the CalCPA.

The AICPA's Peer Review Board (PRB) is responsible for maintaining, furthering and governing the activities of the AICPA's Peer Review Program, including the issuance of peer review standards, and peer review guidance, while being mindful of the profession's covenant to serve the public interest with integrity and objectivity.

The Peer Review Program provides for a triennial review of a firm's accounting and auditing services performed by a peer reviewer who is unaffiliated with the firm being reviewed to ensure work performed conforms to professional standards. There are two types of peer reviews. System reviews are designed for firms that perform audits or other similar engagements. Engagement reviews are for firms that do not perform audits but perform other accounting work such as compilations and/or reviews. Firms can receive a rating of pass, pass with deficiency, or fail. Firms that receive ratings of pass with deficiency or fail must perform corrective actions.

i. California Society of CPAs (CalCPA)

CalCPA administers the AICPA Peer Review Program in California. As the administering entity, CalCPA is responsible for ensuring that peer reviews are performed in accordance with the AICPA's *Standards*. The CalCPA Peer Review Committee (PRC) monitors the administration, acceptance, and completion of peer reviews. The PRC delegates a portion of the report acceptance function to Report Acceptance Bodies (RABs).

ii. National Peer Review Committee

The AICPA also administers a peer review program through the National Peer Review Committee for firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB) or perform audits of non-Securities and Exchange Commission (SEC) issuers pursuant to the standards of the PCAOB.

X. Activities and Accomplishments

The PROC held its first meeting in November 2010. This being the inaugural year of operations of the PROC, there were many challenges that the PROC faced. Despite those challenges, the PROC had a very productive year. Following are the salient activities and accomplishments during the inaugural year.

a. Committee Meetings

The PROC holds meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.

The PROC held eight meetings as follows:

- November 9, 2010 – Sacramento
- January 20, 2011 – San Jose
- March 4, 2011 – Ontario
- May 6, 2011 – Oakland
- July 8, 2011 – Sacramento
- August 30, 2011 – Los Angeles
- October 27, 2011 – San Jose
- December 9, 2011 – Irvine

The PROC Chair has attended all CBA meetings to report on PROC activities.

b. Administrative Functions

i. PROC Procedures Manual

The PROC developed the PROC Procedures Manual (**Appendix B**) which outlines specific procedures and processes to fulfill its duties.

ii. Oversight Checklists

The PROC developed several oversight checklists which serve to document the members' findings and conclusions after each oversight activity. Members submit the completed checklists to the CBA for future reference.

The following checklists were created to track oversight activities:

- Summary of Peer Review Committee Meeting
- Summary of Peer Review Subcommittee Meeting
- Summary of Administrative Site Visit
- Summary of Peer Reviewer Training

The checklists are part of the PROC Procedures Manual (**Appendix B**).

Additional checklists will be developed if deemed necessary.

iii. Exposure Drafts

The PROC has reviewed and prepared responses on behalf of the CBA for the following AICPA Exposure Drafts:

- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Quality Control Materials (QCM) and Continuing Education (CPE) Programs, June 1, 2010
- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19, January 31, 2011
- Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Reviews of Quality Control Materials, August 22, 2011

c. Program Oversight

The PROC is charged with providing oversight of all Board-recognized peer review program providers to ensure that peer reviews are being administered in accordance with the standards adopted by the CBA.

From November 2010 through December 2011, the PROC performed several activities to assess the effectiveness of the AICPA's Peer Review Program and the CalCPA as the administering entity and report acceptance body.

i. Meetings

A. AICPA Peer Review Board

The AICPA PRB is responsible for maintaining, furthering and governing the activities of the Program, including the issuance of peer review standards, and peer review guidance, while being mindful of the profession's covenant to serve the public interest with integrity and objectivity. The PRB holds four meetings per year. Two to three PROC members participated in each of the following PRB meetings via teleconference:

- January 21, 2011
- May 3, 2011
- August 10, 2011
- October 6, 2011

B. CalCPA Peer Review Committee

The CalCPA Peer Review Committee is responsible for ensuring that the peer review program is performed in accordance with the standards and guidance issued by the AICPA's PRB. The PRC meets in person twice a year. PROC members observe how the PRC executes its duties in the meeting to determine whether or not this aspect of the peer review process is operating effectively in the State of California.

Two PROC members attended each of the following PRC meetings:

- June 2-3, 2011 – Laguna Beach
- October 20-21, 2011 – Desert Springs

C. CalCPA Report Acceptance Body

The CalCPA holds multiple RAB meetings per year. The RAB meetings generally occur via conference call. RAB members review and present the peer review reports subject to discussion on a general call. PROC members observe how the RAB executes its duties in the meeting to determine whether the peer review process is operating effectively in the state of California.

One to three PROC members participated in each of the following RAB meetings via teleconference:

- February 23, 2011
- June 2, 2011

- June 15, 2011
- July 7, 2011
- July 26, 2011
- August 25, 2011
- September 20, 2011
- October 20, 2011
- December 13, 2011

D. National Association of State Boards of Accountancy PROC Summit

The National Association of State Boards of Accountancy (NASBA) held a Peer Review Oversight Committee Summit in North Carolina on August 16, 2011. The purpose of the Summit was to promote peer review oversight and assist peer review committees from state boards of accountancy.

Due to travel restrictions, the PROC Chair did not receive approval from the Department of Consumer Affairs to attend the Summit. At NASBA's request, the PROC sent its draft oversight checklists to be shared with other states' committees. At the Summit, California's PROC was complimented on the materials it has developed.

The PROC sent a follow-up letter to NASBA suggesting that future Summits be held on a regular basis and be available via teleconference and webcast.

ii. Administrative Site Visit

The PROC is charged with conducting, at a minimum, an annual Administrative Site visit of all Providers. The visit will be to determine if the provider is administering peer reviews in accordance with the standards adopted by the CBA.

Two PROC members have conducted a preliminary visit of the CalCPA's administrative office to document processes and procedures. The official administrative visit is scheduled for February 16, 2012.

iii. Peer Reviewer Training

The PROC is responsible for ensuring that Providers develop a training program designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

The CalCPA Education Foundation offers two peer reviewer trainings per year. A two-day course for new peer reviewers and a one-day refresher course are each offered once a year. Three PROC members attended the two-day training course *How to Conduct a Review Under the AICPA Practice-Monitoring Program* on July 18-19, 2011 in Los Angeles.

iv. Sample Reviews

The PROC is in the process of developing a system for sampling peer review reports. The first review will be completed in February 16, 2012 in conjunction with the administrative site visit.

v. Approval of Board-recognized Peer Review Program Providers

At such time that the CBA receives an Application to Become a Board-recognized Peer Review Program Provider, the PROC will review the application and documentation and determine if the program meets the requirements outlined in Title 16, CCR Section 48. Based on the review, the PROC will provide a recommendation to the CBA that the application be approved or denied.

vi. Withdrawal of Board Recognition of a Peer Review Program Provider

The PROC has not made any recommendations to the CBA concerning the withdrawal of Board recognition of a peer review program provider.

XI. Findings

Based on PROC members' attendance at the various peer review bodies' meetings cited in this report, the PROC offers the following findings to the CBA.

AICPA Peer Review Board

The PROC found the AICPA PRB meetings to be informative, efficient and structured. PROC members were invited to participate at regular intervals throughout the meetings. The PRB was diligent with regard to their responsibility for the peer review process and ensuring that the process is integrated with changes to professional standards. The PRB appears devoted to the quality of peer reviewers and how the AICPA could enhance this quality for the overall good of CPA firms.

CalCPA Peer Review Committee

PROC members were impressed with the CalCPA PRC members' technical expertise. The PRC deals with issues such as interpreting standards and applying consistency as the standards change and evolve. The PRC maintains a running list of recurring peer review deficiencies that they monitor and gauge, as well as monitoring the performance of peer reviewers.

CalCPA Report Acceptance Body

Through participation in nine RAB meetings, PROC members found RAB members professional and able to effectively discuss issues and arrive at well thought out conclusions.

CalCPA Peer Reviewer Training

PROC members found the course to be informative and effective. The presenter had a practical approach and spent an ample amount of time going through specific cases and explaining why certain decisions were made. It was noted that, although the course is marketed to new peer reviewers, the course seemed to be designed for more experienced peer reviewers. Although the presenter used advanced terminology, she was always willing to answer questions and provide further explanation.

XII. Conclusions and Recommendations

Based on its oversight activities, the PROC concluded that the American Institute of CPAs and its administering entity, the California Society of CPAs, function effectively as a peer review program provider. The PROC recommends that the CBA continue to recognize the American Institute of Certified Public Accountants as a peer review program provider.

Notwithstanding, the PROC offers the following recommendations to improve the program and facilitate future oversight efforts:

- a. As a result of the 2010 requirement for mandatory peer review, the demand on existing qualified peer reviewers has increased dramatically. As a result, there is a significant need to increase the number of qualified peer reviewers.

We recommend that the CBA continue to promote and encourage CPAs to consider developing the skills required to become peer reviewers in support of our profession and the benefit of the public.

- b. Currently, the CBA's record retention policies for enforcement matters require documents to be retained for six to twelve years. Our understanding is that this requirement extends to records that the PROC might obtain during its monitoring activities, including reports and client files submitted to RABs for review. The AICPA Peer Review Program, as administered by the CalCPA, requires that all client and peer review records be destroyed within 120 days for purposes of client confidentiality. Consequently, the CBA document retention policy prevents the PROC from monitoring the peer review report acceptance process to the level currently desired.

We recommend that the CBA review its document retention policy to determine if it would be appropriate to assign a 120 day document retention period to RAB meeting documents for purposes of PROC oversight.

XIII. Future Considerations

a. National Peer Review Committee

The NPRC is one of the forty two administering entities of the AICPA Peer Review Program. It administers peer reviews for AICPA firms required to be registered with and inspected by the PCAOB, or performing audits of non-SEC issuers pursuant to the standards of the PCAOB.

The NASBA's Compliance Assurance Committee (CAC) is charged with exploring, developing and implementing opportunities for state boards to become uniformly involved in standard setting and oversight of mandatory peer review or other compliance assurance review programs. The CAC is currently developing a report to state boards on the process of oversight for the NPRC.

Upon receipt of the CAC's report, the PROC will determine how best the PROC will provide oversight to the NPRC.

b. Length of Peer Review Process

The CalCPA currently estimates the length of time to complete the entire peer review process at 2-7 months. The PROC intends to study the process to determine if the duration can be reduced.

**California Board of Accountancy
Peer Review Survey Results**

December 9, 2010 - December 28, 2011

Was your recent peer review the first time you have undergone a peer review?			
	ENG	SYS	Total
Yes (1st Time Peer Reviewed)	222	77	299
No (Previously Peer Reviewed)	535	316	851
Total	757	393	1150

Was your firm required to take any corrective action as a result of undergoing peer review?			
	Yes	No	Total
1st Time Peer Reviewed	67	223	290
Previously Peer Reviewed	109	721	830
Total	176	944	1120

Type of Correction Ordered	Previously Peer Reviewed	
	1st Time Peer Reviewed	Previously Peer Reviewed
CPE	32	45
Accelerated Review	2	0
Additional Inspections/Reviews	10	18
Update Library	12	13
Strengthen Staff	7	13
Submission of Additional Materials	6	18
Other	16	17

Has your firm voluntarily made any changes that improved its processes as a result of undergoing a peer review?			
	Yes	No	Total
1st Time Peer Reviewed	151	128	279
Previously Peer Reviewed	398	388	786
Total	549	516	1065

Voluntary Changes Made	Previously Peer Reviewed	
	1st Time Peer Reviewed	Previously Peer Reviewed
CPE	35	121
Update Library	42	114
Strengthen Staff	22	130
Other	44	103

Did you raise your fees to offset the cost of your peer review?				
	Yes	No	Total	Average Increase
1st Time Peer Reviewed	42	235	277	15%
Previously Peer Reviewed	39	729	768	10%
Total	81	964	1045	

Do you believe that undergoing peer review has helped to improve your overall service to your clients?			
	Yes	No	Total
1st Time Peer Reviewed	164	103	267
Previously Peer Reviewed	541	221	762
Total	705	324	1029

Do you, or will you, voluntarily notify clients that you have undergone peer review?			
	Yes	No	Total
1st Time Peer Reviewed	135	131	266
Previously Peer Reviewed	380	381	761
Total	515	512	1027

Do you, or will you, use peer review as a marketing tool to potential clients?			
	Yes	No	Total
1st Time Peer Reviewed	65	207	272
Previously Peer Reviewed	260	510	770
Total	325	717	1042

To eliminate the need for a future peer review, will you cease providing the services which trigger a mandatory peer review under the law?			
	Yes	No	Total
1st Time Peer Reviewed	39	230	269
Previously Peer Reviewed	47	709	756
Total	86	939	1025

What percentage of your workload during the three years encompassing your recent peer review was spent on compilations without disclosure using other comprehensive basis of accounting (OCBOA)?						
	0%	1-25%	26-50%	51-75%	76-99%	100%
1st Time Peer Reviewed	83	128	11	8	10	13
Percentage	33%	50%	4%	3%	4%	5%
Previously Peer Reviewed	160	460	50	16	24	8
Percentage	22%	64%	7%	2%	3%	1%

What percentage of your workload during the three years encompassing your recent peer review was spent on compilations without disclosure using other comprehensive basis of accounting (OCBOA)?

	0%	1-25%	26-50%	51-75%	76-99%	100%	Total
1st Time Peer Reviewed	83	128	11	8	10	13	253
Percentage	33%	50%	4%	3%	4%	5%	
Previously Peer Reviewed	160	460	50	16	24	8	718
Percentage	22%	64%	7%	2%	3%	1%	

CALIFORNIA BOARD OF ACCOUNTANCY

PEER REVIEW OVERSIGHT COMMITTEE
PROCEDURES MANUAL



December 2011

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SECTION I - INTRODUCTION

This procedure manual contains guidance assembled by the California Board of Accountancy's (CBA) Peer Review Oversight Committee (PROC) to be used by the PROC and the CBA in its peer review oversight roles and responsibilities as described herein. The peer review process utilizes a significant number of terms and acronyms which have been presented in a glossary (APPENDIX A). In addition, to provide a visual aid for the PROC's place in the peer review process, an organizational structure chart is included (APPENDIX B).

A. AUTHORITY

The PROC derives its authority from Section 5076.1 of the Business and Professions Code (B&P) as follows: The CBA shall appoint a peer review oversight committee of certified public accountants of this state who maintain a license in good standing and who are authorized to practice public accountancy to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review.

The composition and function of the PROC is further defined in Title 16 California Code of Regulations (CCR) Section 47.

B. PURPOSE

The purpose of the PROC is to provide recommendations to the CBA on any matter upon which it is authorized to act to ensure the effectiveness of mandatory peer review. (B&P §5076.1)

C. MEMBERSHIP

The PROC shall be comprised of not more than seven (7) licensees. The licensees shall maintain a valid and active license to practice public accounting in California issued by the CBA. No member of the committee shall be a current member or employee of the CBA. (B&P §5076.1(a), CCR §47)

All members of the PROC, at a minimum, must:

- Be a California-licensed CPA with an active license to practice in good standing in this state, with the authority to sign attest reports.
- Be currently active in the practice of public accounting in the accounting and auditing function of a firm enrolled in the AICPA Peer Review Program as a partner of the firm, or as a manager or person with equivalent supervisory responsibilities.
- Regularly sign attest reports and have extensive experience in performing accounting and auditing engagements.
- Have completed the 24-hour Accounting and Auditing and eight-hour Fraud continuing education requirements for license renewal, as prescribed by Section 87 of the Accountancy Regulations.
- Be associated with a firm, or all firms if associated with multiple firms, that received a report with the peer review rating of pass for its most recent peer review.
- Have extensive knowledge of the AICPA's *Standards for Performing and Reporting on Peer Reviews*.

D. TENURE

PROC members shall be appointed to two-year terms and may serve a maximum of four (4) consecutive terms. (B&P §5076.1)

E. CONFIDENTIALITY

All PROC members shall sign a confidentiality letter.

Any information obtained by the PROC in conjunction with its review of peer review program providers shall not be a public record, and shall be exempt from public disclosure, provided, however, this information may be disclosed under any of the following circumstances:

- In connection with disciplinary proceedings of the CBA
- In connection with legal proceedings in which the CBA is a party
- In response to an official inquiry by a federal or state governmental regulatory agency
- In compliance with a subpoena or summons enforceable by court order
- As otherwise specifically required by law

All PROC members are required to sign a confidentiality letter (APPENDIX C).

F. CONFLICTS OF INTEREST

PROC members shall not participate in any discussions with respect to a reviewed firm when the member lacks independence as defined by Title 16 California Code of Regulations Section 65 or has a conflict of interest.

PROC members are allowed to conduct peer reviews as self-employed individuals, employees of a firm, or as an owner/partner of a firm. However, if any decisions involving the peer reviewed firm come before the PROC, the PROC member would have to disqualify himself/herself from all of the issues/decisions before the PROC.

Members are required to file the Fair Political Practices Commission's Form 700 upon appointment, annually, and upon leaving office. Members of the PROC are designated as Disclosure Category 4, which means that they must report:

All interests in real property and investments and business positions in, and any income, including gifts, loans and travel payments from, a business entity, professional association or individual where the business entity, professional association or individual's profession is regulated by or offers programs or courses qualifying for licensing or continuing education credit by the official's or employee's license agency.

If any PROC member receives any income, gifts, loans, or travel payments from any person or entity (as defined by the Act) regulated by the CBA, he or she must disclose the financial interest on the Form 700. This would be true even if such person or entity is not regulated in any manner by the PROC since Disclosure Category 4 requires disclosure when the regulation stems from the "official's or employee's licensing agency." A PROC member would be deemed to have a financial interest in a decision if certain financial limits are met.

G. TRAVEL REIMBURSEMENT

Each PROC member shall be reimbursed for traveling and other reasonable expenses necessarily incurred in the performance of duties. (B&P §103)

General guidelines for travel reimbursement will be provided at the time of appointment.

H. COMPENSATION

Each PROC member shall receive a per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties. (B&P §103)

SECTION II – GENERAL COMMITTEE MEETING INFORMATION

A. MEETINGS

The PROC shall hold meetings as necessary in order to conduct business and shall report to the CBA regarding the effectiveness of mandatory peer review. This shall include the PROC Chair attending CBA meetings to report on the activities of the PROC. The PROC shall also prepare an annual report to the CBA regarding the results of its oversight, and shall include the scope of work, findings, and conclusions regarding its oversight. (CCR §47(c))

B. OPEN/CLOSED SESSION

PROC meetings may include both open and closed sessions.

C. QUORUM

Before any action may be taken on agenda items, a quorum must be present at the meeting. Therefore, attendance by PROC members is critical. A majority of the PROC membership shall constitute a quorum.

D. ATTENDANCE BY MEMBERS

PROC members are expected to attend all regularly scheduled meetings of the PROC as well as assigned meetings of peer review program providers. A member who is absent from two consecutive PROC meetings will be subject to review by the Chair. Upon recommendation to the CBA, the member may be dismissed.

E. ATTENDANCE BY OTHERS

PROC meetings may be attended by CBA members as well as the general public. Members of the general public are only allowed to attend the open session portion of the meeting.

To ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

F. STAFF

CBA staff will be available prior to and during all PROC meetings to provide the following:

- Meeting room arrangements
- Travel arrangements
- Coordination of meeting materials
- Record meeting proceedings
- General support to members

SECTION III – ROLES AND RESPONSIBILITIES

A. ROLES & RESPONSIBILITIES

The PROC shall evaluate the responsibilities adopted for the PROC by the CBA to determine if the responsibilities are sufficient for the PROC to fulfill its purpose. Any recommendations for changes to the PROC's responsibilities shall be presented to the CBA for consideration and approval. Broadly stated, the PROC shall have the following roles and responsibilities (the specific oversight duty(ies) used to accomplish these goals are listed below each item):

- Oversee the activities of Board-recognized peer review program providers (Provider) related to how peer reviews are processed and evaluated
 - Administrative Site Visits
 - Peer Review Committee Meetings
 - Peer Review Subcommittee Meetings
- Ensure the Provider is administering peer reviews in accordance with the standards adopted by the CBA
 - Administrative Site Visits
 - Peer Review Committee Meetings
 - Peer Review Subcommittee Meetings
- Ensure that peer reviewers are properly qualified
 - Administrative Site Visits
 - Peer Review Committee Meetings
 - Peer Review Subcommittee Meetings
 - Peer Reviewer Training
- Ensure that peer reviews are being accepted in a consistent manner by the Provider
 - Peer Review Subcommittee Meetings
- Conduct site visits of the Provider and their peer review committees
 - Administrative Site Visit
 - Peer Review Committee Meetings
 - Peer Review Subcommittee Meetings
- Review sampling of peer review reports
 - Review Sampling of Peer Reviews
- Represent the CBA at Provider's peer review meetings
 - Administrative Site Visit
 - Peer Review Committee Meetings
 - Peer Review Subcommittee Meetings
- Evaluate organizations outside the AICPA structure that desire to administer peer reviews in California.
 - Evaluation of Board-Recognized Peer Review Program Providers

The PROC shall develop a more detailed plan for performing and completing the above roles and responsibilities as outlined in the manual. This plan shall be reviewed with the CBA on a routine basis and updated as appropriate to enable the PROC to fulfill its purpose. Documents resulting from the PROC's program shall be considered drafts until approved as final by the PROC and the CBA. Final documents shall be subject to the retention schedule in place at the CBA.

SECTION IV – PROC FUNCTIONS

The PROC oversight duties will include the following.

A. OVERSIGHT OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS

1. Administrative Site Visits

The PROC shall conduct, at a minimum, an annual administrative site visit of all Providers. The visit will be to determine if the Provider is administering peer reviews in accordance with the standards adopted by the CBA.

Each PROC member performing an administrative site visit shall complete a “Summary of Administrative Site Visit” checklist (APPENDIX D) and submit to the CBA office within thirty (30) days of the administrative site visit.

2. Peer Review Committee Meetings

The PROC shall attend all peer review committee meetings conducted by a Provider to monitor that the Provider is adhering to the minimum standards set forth by the CBA.

Each PROC member attending a peer review committee meeting shall complete a “Summary of Peer Review Committee Meeting” checklist (APPENDIX E) and submit to the CBA office within thirty (30) days of the peer review committee meeting.

3. Peer Review Subcommittee Meetings (Report Acceptance Bodies)

The PROC shall attend at least four meetings per year of any peer review subcommittee created by a Provider for the purposes of accepting peer review reports. These meetings are commonly referred to as “Report Acceptance Body (RAB)” meetings. The PROC will monitor to ensure that peer reviews are performed and reported on in accordance with the Provider’s established standards.

Each PROC member attending a subcommittee meeting shall complete a “Summary of Peer Review Subcommittee Meeting” checklist (APPENDIX F) and submit to the CBA office within thirty (30) days of the peer review subcommittee meeting.

4. Sample Reviews

The PROC shall conduct reviews of peer reviews accepted by a Provider on a sample basis. The review may include, but is not limited to, the peer review report; reviewers’ working papers prepared or reviewed by the Provider’s peer review committee in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.

Sample reviews may be conducted during the Administrative Site Visit.

Each PROC member conducting a sample review of peer reviews shall complete a “Summary of Sample Reviews” checklist (APPENDIX G) and submit to the CBA office within thirty (30) days of the completion of the review.

5. Peer Reviewer Training

The PROC shall attend, on a regular basis, peer review training courses offered by a Provider. The PROC shall monitor the Provider's training program to ensure that the program is designed to maintain or increase peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

Each PROC member attending a subcommittee meeting shall complete a "Summary of Peer Reviewer Training" checklist (APPENDIX H) and submit to the CBA office within thirty (30) days of the peer reviewer training course.

6. Statistics

The PROC shall collect statistical monitoring and reporting data on a regular basis; such data should be in a mutually agreed upon format to be prepared by the Provider, and shall include, but not be limited to, the following:

- Types (system vs. engagement) and numbers of reviews in process
- Types (system vs. engagement) and numbers of reviews completed by month, and cumulatively for the annual reporting period
- Types (system vs. engagement) and numbers of reviews receiving a pass, pass with deficiencies, or fail rating
- Extensions requested and status (granted, denied, and completed)
- Corrective action matters (various types: overdue peer review reports, disagreements pending resolution, etc.)
- Delinquent reviews
- Firms expelled from the program

If not included in the statistical data reports, the PROC shall obtain a written outline of the administering entity's risk assessment process in conducting its peer review program activities.

B. EVALUATION OF BOARD-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS

The PROC shall review any *Application to Become A Board-Recognized Peer Review Program Provider (01/10)* (APPENDIX I) received by the CBA. The PROC shall recommend approval or denial to the CBA based on the applicant's evidence that its peer review program is comprised of a set of standards for performing, reporting on, and administering peer reviews and contain all the components outlined in Title 16, California Code of Regulations Section 48.

C. WITHDRAWAL OF BOARD RECOGNITION OF A PEER REVIEW PROGRAM PROVIDER

The PROC is authorized to request from a Provider those materials necessary to perform its review. The PROC shall refer to the CBA any Board-recognized peer review program provider that fails to respond to any request.

D. ANNUAL REPORT TO THE CALIFORNIA BOARD OF ACCOUNTANCY

The PROC shall report to the CBA regarding the effectiveness of mandatory peer review. This shall include an annual report to the CBA regarding the results of its oversight, and shall include the scope of work, findings, and conclusions regarding its oversight.

E. DOCUMENTATION OF OVERSIGHT ACTIVITIES

All PROC members shall document their attendance at or participation in peer review oversight activities using the following checklists:

1. Summary of Administrative Site Visit
2. Summary of Peer Review Committee Meeting
3. Summary of Report Acceptance Body Meeting
4. Summary of Random Sampling of Peer Reviews
5. Summary of Peer Reviewer Training

All checklists should be signed by the PROC member and submitted to the CBA office within thirty (30) days of the oversight activity.

Checklists will be maintained by the CBA office in accordance with the Records Retention Policy.

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A

Accountants' Database	Former AICPA Library database covering 1974-1991 literature which as was merged into the Accounting and Tax Database in 1992.
Accountants' Index	Index to the accounting literature, including books and journal articles, published by the AICPA Library Services Team from 1920-1991. Reprints are available from UMI (University Microfilms Inc.).
Accounting & Tax Database	An online database covering the accounting literature produced by UMI and available since 1992 on the Knight-Ridder Dialog service, File 485. It includes the AICPA Library's Accountants Database and AICPA Library catalog records from 1992-1999 for books and pamphlets added to the AICPA Library.
Accounting and Review Services Committee (ARSC)	AICPA committee whose objective is to develop, on a continuing basis, procedures and standards of reporting by CPAs on the types of accounting and review services a CPA may render in connection with unaudited financial statements, as well as unaudited financial information of an entity that is not required to file financial statements with a regulatory agency in connection with the sale or trading of its securities in a public market.
Accounting Principles Board (APB)	Standards-setting body for accounting principles that issued its opinions from November 1962 to June 1973. Succeeded by Financial Accounting Standards Board.
Accounting Standards Executive Committee (AcSEC)	AICPA committee whose objective is to determine Institute technical policies regarding financial accounting and reporting standards. As a senior technical committee, it is authorized to make public statements, without clearance from Council or the Board of Directors, on matters related to its area of practice.
Accredited in Business Valuation (ABV)	Credential in business valuation awarded by the AICPA to those who have met prescribed requirements and passed an examination.
Adverse Opinion	Auditor's opinion which states that financial statements do not fairly present the financial position, results of operations, or cash flows in conformity with generally accepted accounting principles.
Agreed Upon Procedures	Specific procedures agreed to by a CPA, a client and (usually) a specified third party. The report states what was done and what was found. Additionally, the use of the report is restricted to only those parties who agreed to the procedures.
AICPA Board of Directors	Executive Committee of Council which directs Institute activities between Council meetings. It is comprised of 23 members.
AICPA Council	AICPA governing body which determines Institute procedures and policies. It comprises of approximately 260 members representing every state and four U.S. territories.

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AICPA InfoBytes	Online library of CPE materials developed by the AICPA as a subscription service. Provides members with more than 1200 hours of continuing profession courses for an annual fee.
AICPA On Line	The AICPA's Web site on the Internet. The Web address is http://www.aicpa.org .
AICPA Personal Liability Umbrella Security Plan (AICPA PLUS)	AICPA insurance plan which provides members and their families with up to \$5 million personal liability coverage.
American Accounting Association (AAA)	National professional association for those involved in accounting education in higher education.
Association to Advance Collegiate Business Schools (AACBS)	Recognized agency that accredits academic programs. The Website address is: http://www.aacsb.edu/
American Society of Association Executives (ASAE)	National organization of managers of all types of trade and professional associations.
American Taxation Association (ATA)	This is the national professional association for tax professors in higher education.
American Tort Reform Association (ATRA)	Coalition of associations, nonprofit organization, consumer advocates, businesses, and professionals whose purpose is to restore fairness, balance, and predictability to the nation's civil justice system.
Analytical Review Procedures	Substantive tests of financial information made by a study and comparison of relationships among data.
Application Service Provider (ASP)	An entity that provides software functionality across the Internet or private networks on a rental, leased or pay-as-you-go basis.
Association for Accounting Administration	Founded on January 1, 1984, to enable accounting firm administrators to communicate with one another and provide each other with the benefits to everyone's experiences in what was a new and emerging profession.
Association of Government Accountants (AGA)	National organization of CPAs and others involved in governmental accounting and auditing at all levels.
Assurance Services	Services which improve the quality of information, or its context, for decision-makers.
Assurance Services Executive Committee	This committee is responsible for identifying, developing, and communicating new assurance opportunities for the membership.

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(ASEC)	Moreover, if measurement criteria or more detailed performance guidance is required to deliver a particular service, the Committee, or one of its task forces, will develop such criteria or guidance, working cooperatively with other senior technical committees or bodies with specialized expertise in the subject area as necessary and appropriate.
Attestation Standards (AT)	The attestation standards enable practitioners to examine or review non-financial statement information and to perform and report on the results of those engagements in accordance with professional standards.
Audit and Accounting Guides	Materials which provide CPAs with authoritative guidance regarding accounting and auditing of entities in specialized industries or other specialized areas.
Audit Risk	The risk that an auditor will unknowingly fail to appropriately modify his/her opinion on financial statements that are materially misstated.
Audit Risk Alerts	Annual updates alerting auditors to current economic, regulatory, and professional developments in various industries. These include <i>Compilation and Review Alerts</i> , and approximately 18 industry-specific alerts.
Audit Sampling	The application of an audit procedure to less than 100 percent of the items within an account balance or class of transactions for the purpose of evaluating some characteristic of the balance or class.
Auditing Committee Effectiveness Center (AudCommCtr)	A key element in the corporate governance process of any organization is its audit committee. As its role expands, making the audit committee as effective and efficient as possible becomes critical. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors and the public interest. Guidance and tools are presented to make audit committee best practices actionable.
Audit Committee Matching System (ACMS)	This system was built for two reasons— for our members to provide them with opportunities to serve on boards of directors, and as a public service to provide a list of qualified, credentialed candidates to serve on boards of directors and presumably the audit committees of those boards
Auditing Procedure Studies (APS)	Studies which inform practitioners of developments and advances in auditing procedures to provide practical assistance regarding auditing procedures.
Auditing Standards Board (ASB)	Board authorized by the AICPA to promulgate auditing and attest standards, quality control standards procedures, and implementation guidance for AICPA members performing such services. It comprises of 19 members. As a senior technical committee, it is authorized to make public statements, without clearance from Council or the Board of Directors, on matters related to its area of practice.

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B

Beta Alpha Psi (BAP)	The premier professional accounting and business information fraternity which recognizes academic excellence and complements members' formal education by providing for interaction among students, faculty and professionals.
Big Four	Traditionally, the four largest CPA firms in the world. They are: PricewaterhouseCoopers; Deloitte & Touche LLP; Ernst & Young LLP; and KPMG.
Board of Examiners (BOE)	An executive committee of the AICPA with overall responsibility for preparing and grading the Uniform CPA examination.
Business and Industry Executive Committee (BIEC)	The AICPA committee charged with representing and advocating the needs of members in business and industry.
Business Valuation (BV)	Refers to the discipline involving a process by which a supportable opinion is derived about the worth of a business or individual assets or liabilities.

C

Canadian Institute of Chartered Accountants (CICA)	The national membership organization of Chartered Accountants of Canada, which works closely with the AICPA on several initiatives of common interest, including, but not limited to WebTrust, SysTrust, Eldercare, Performance Views and Continuous Assurance.
Cascade	The cascade of Sarbanes-Oxley Act (SOX) is the extension of provisions contained in SOX that apply only to SEC registrants and their auditors to private companies and not for profit organizations and their CPA firms.
Center for Investment Advisory Services (CIAS)	A center developed by the AICPA to provide tools and helps to train our members and enable them to provide investment advisory services to their clients.
Center for Public Company Audit Firms (CPCAF)	A center developed by the AICPA to provide support to member firms that audit or are interested in auditing public companies with education, communication, representation and other means. Succeeded by Public Company Auditors Forum effective January 1, 2006.
Center for Public Company Audit Firms Peer Review Committee (PRC)	AICPA committee whose objective is to enhance the quality of accounting and auditing engagements by enrolled AICPA firms by conducting and administering a peer review program for firms' non-SEC issuer practices to co-exist with the Public Company Accounting Oversight Board's inspection of firms' SEC issuer practices.

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Certified Association Executive (CAE)	Designation conferred by the American Society of Association Executives following a course of study designed to enhance all around competency in the field of association management. Several AICPA staff members hold the designation.
Certified Information System Auditor (CISA)	A professional credential offered by Information Systems Audit and Control Association (ISACA) certifying expertise in information system auditing. The CISA is earned through a combination of experience and successful completion of an exam, offered annually in 11 languages.
Certified Information Security Manager (CISM)	A credential specifically geared toward experienced information security managers and those who have information security management responsibilities. CISM is designed to provide executive management with assurance that those earning the designation have the required knowledge and ability to provide effective security management and consulting. It is business-oriented and focuses on information risk management while addressing management, design and technical security issues at a conceptual level. While its central focus is security management, all those in the IS profession with security experience will certainly find value in CISM.
Certified Information Technology Professional (CITP)	Credential in information technology awarded by the AICPA to CPAs who have met experience, life long learning and examination requirements. CITPs are involved in information strategic planning, implementation, management, and business strategies for information systems.
Certified Internal Auditor (CIA)	An international certification awarded by the Institute of Internal Auditors (IIA) that reflects competence in the principles and practices of internal auditing.
Certified Management Accountant (CMA)	Title bestowed by the Institute of Management Accountants (IMA) on persons meeting certain basic requirements, principally an examination covering economic theory, financial management, cost accounting, etc.
Certified Public Accountant (CPA)	A credential conferred by a state or similar governmental jurisdiction that authorized the holder to practice as a certified public accountant in that jurisdiction.
Certified Public Accountants' Society Executives Association (CPA/SEA)	Independent organization of state CPA society chief executive officers.
Chief Financial Officer (CFO)	The individual in an organization with overall responsibility for accounting, treasury, financial management, financial reporting, finance and related functions. This position reports to the CEO and depending on the size of the organization, it could have many additional responsibilities. The CFO should be the right hand of the CEO, collaborating on strategy and business growth, while at the same

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	time bringing ensuring compliance and conservatism. Sometimes called the VP-Finance or similar title.
CFO Act	The Chief Financial Officers' Act of 1990 which created chief financial officer positions in the major federal department and agencies to oversee the government's management of funds and improve its federal financial responsibility.
Chartered Accountant (CA)	Professional accounting designation used in the United Kingdom, Canada and several other countries.
Committee-Appointed Review Team (CART)	A team appointed by the entity administering the AICPA Peer Review Program (Program) to conduct a CPA firms' peer review engagement or repeat review. CART reviews are not available for systems reviews or for firms in the Center for Public Company Audit Firms Peer Review Program.
Competency Self-Assessment Tool (CAT)	A Web-based tool designed to allow CPAs and other users to assess their knowledge, skills and abilities in four broad competency categories: Leadership Qualities, Personal Attributes, Broad Business Perspective and Functional Expertise, and then develop a learning plan to close any competency gaps identified.
Compilation	Information presented in the form of financial statements that is the representation of management without the accountant undertaking to express any assurance on the statements.
Computer based Test (CBT)	Term sometimes used to refer to the Uniform CPA Examination. The Uniform CPA Examination is delivered in a computerized format, almost year-round, at test centers across the United States. Go to www.cpa-exam.org for information about the CPA Examination, applying, and scheduling.
Computerized Accounting Tool Services (CASTA)	Series of software tools for CPAs used in providing accounting and auditing services to clients.
Congressional Budget Office (CBO)	Federal government agency responsible for providing Congress with basic budget data and analysis of alternative fiscal, budgetary, and programmatic policy issues. It was established by the Congressional Budget Act of 1974.
Congressional Record (Cong. Rec.)	The written record of the daily proceedings of the U.S. Senate and House of Representatives. It is published whenever either Chamber of Congress is in session, or it includes the debates in both chambers on legislation before those bodies, a list of bills introduced and any comments regarding those measures, and a list of committee hearings.
Congressional Research Services (CRS)	The research branch of Congress, working out of the Library of congress.

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<p style="text-align: center;">Consulting Services (CS)</p>	<p>Consulting Services provided by CPA firms in addition to the traditional audit, accounting, and tax services (e.g. systems work, production planning). The AICPA CS Team provides educational and technical guidance to firms and private sector employees who offer consulting services to clients or employers.</p>
<p style="text-align: center;">Continuing Professional Education (CPE) Advisory Committee</p>	<p>CPE Advisory Committee aids the AICPA by providing experience and observations of AICPA members as they relate to education, training, professional transformation and career enhancement. Committee lends expertise in strategic planning, feedback on major decisions and forward-looking suggestions.</p>
<p style="text-align: center;">Continuing Professional Education (CPE) Now called Professional Development</p>	<p>An integral part of the life-long learning required for the CPA to provide competent service to the public. The set of activities that enables accounting professionals to maintain and increase their professional competence.</p>
<p style="text-align: center;">Core Competency Framework for Entry into the Accounting Profession</p>	<p>This Framework is an online resource that educators can utilize to develop or reform curricula to support the development of a set of competencies, consistent with the findings of the CPA Vision. It defines core functional, personal and broad business perspective competencies that all students are expected to have upon entry into the broadly envisioned accounting profession. Soon to be incorporated into the Framework is a database of learning strategies that academics can utilize to develop requisite competencies. In addition, the Framework will provide an automated evaluation process that academics can follow to establish academic goals and priorities regarding competency development and to design and assess circular effectiveness.</p>
<p style="text-align: center;">Cost Accounting Standards Board (CASB)</p>	<p>The five-member federal government body responsible for setting cost accounting standards for all government contractors.</p>
<p style="text-align: center;">CPA2Biz</p>	<p>Accounting profession's vertical portal to provide tools, support and opportunities, online & offline, to enable CPAs to enhance customer relationships & expand their portfolio of product and service offerings.</p>
<p style="text-align: center;">CPA iPack</p>	<p>A package of materials designed to introduce high school/college students to accounting concepts and career opportunities in the profession. The package includes the award winning 'Takin' Care of Business' video, the Education Handbook of lesson plans, a career guide and related materials.</p>
<p style="text-align: center;">CPE Wizard</p>	<p>In MSP, this is the web application that allows members to manage their CPE credits earned. This application is a tool that allows members to track CPE registered for and attended (group study, online, other self-study, etc). It tracks course information, credit earned, and sponsor.</p>

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Customer Relationship Management (CRM)	A business management system that involves all aspects of interaction an organization has with its customer or member, including all marketing, communications, sales and service related activities. The overall objective of CRM effort is to develop a 360 degree view of a member/customer.
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D

Dialog	Owned by Thomson, Dialog is a comprehensive service with over 450 databases from a broad range of disciplines.
Disclaimer of Opinion	Auditor's statement in which he (she) does not express an opinion on financial statements.
Disclosure	The material matters relating to the form, arrangement, and content of financial statements that are "disclosed" during the presentation of financial statements in accordance with generally accepted accounting principles, or, if applicable with OCBOA.
Discussion Leader's Guide (DLG)	For use by CPE instructors, this guide provides the necessary written information for a successful presentation.
Discussion Memorandum (DM)	Document sometimes issued for public comment to assist an authoritative body in formulating an exposure draft.

E

Educational Competency Assessment Site (ECAS)	A web-based tool to help accounting educators and program administrators integrate the skills-based competencies defined in the AICPA Core Competency Framework for Entry into the Accounting Profession.
ElderCare Services	A host of financial and non-financial services targeted at older adults and their family members to help those older adults maintain their independence for as long as possible and to provide peace of mind for their family members.
Elijah Watt Sells Award	Award presented to those CPA candidates who take all four sections of the Uniform CPA Examination at one time and receive the three highest combined grades.
Emerging Issues Task Force	The EITF was designed to promulgate implementation guidance within the framework of existing authoritative literature to reduce diversity in practice on a timely basis. The EITF was designed to minimize the need for the FASB to spend time and effort addressing narrow implementation, application, or other emerging issues that can be analyzed within existing GAAP.

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Employee Benefit Plan Audit Quality Center (EBP AQC)	An AICPA firm membership Center with the objective of enhancing the quality of audits of employee benefit plans subject to ERISA.
Employee Retirement Income Security Act of 1974 (ERISA)	A federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans. ERISA requires plans to provide participants with plan information including important information about plan features and funding; and requires plans to prepare financial reports and have annual audits generally for plans with more than 100 participants.
Engagement Reviews under the AICPA Peer Review Program	Peer review for firms that only perform services under SSARS and/or services under the SSAEs not included in system reviews have peer reviews called engagement reviews. The objectives of an engagement review are to provide the reviewer with a reasonable basis for expressing limited assurance that: a. the financial statements or information and the related accountant's report on the accounting and review engagements and attestation engagements submitted for review conform in all material respects with the requirements of professional standards in all material respects and b. the reviewed firm's documentation conforms with the requirements of SSARS and the SSAEs applicable to those engagements in all material respects.
Enhanced Business Reporting (EBR)	Enhanced Business Reporting is comprised of voluntary, globally recognized guidelines for providing richer disclosure of business information, allowing companies to better communicate current and expected performance while giving the investment community and other stakeholders the information they need to make better decisions. This includes financial statements, key performance indicators based on industry-specific definitions, and company-specific information about strategy, plans, opportunities and risks.
Enrolled Agent	A tax practitioner who, by passing an examination given by the U.S. Treasury Department, can represent taxpayers before the Internal Revenue Service.
Enterprise Resource Planning (ERP)	A business management system that integrates all facets of the business to the related financial reporting functionality. Software applications have emerged to help business managers implement ERP in business activities such as planning, manufacturing, sales, marketing, inventory control, order tracking, and finance. ERP attempts to integrate all departments and functions across a company to create a single software program that runs off one database.
Evaluation Task Force (ETF)	Peer Review Committee members from the Center for Public Company Audit Firms Peer Review Committee that discuss and accept peer review reports and other peer review related documents for firms enrolled in the Center for Public Company Audit Firms Peer Review Program.

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Evidential Matter	Audit materials supporting the financial statements consisting of the underlying accounting data and all corroborating information available to the auditor.
Examinations Committee (EC)	A standing committee of NASBA which investigates and makes recommendations to boards of accountancy regarding all aspects of the Uniform CPA Examination.
Examinations Review Board (ERB)	A standing committee of NASBA which provides a comprehensive audit of the preparation, grading, security, and administration of the exam.
Exposure Draft (ED)	Document issued by the AICPA, Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), Federal Accounting Standards Advisory Board (FASAB), or other authority to invite public comment before a final accounting, auditing, or administrative standard, policy or procedure pronouncement is issued.
Extensible Business Reporting Language (XBRL)	Formerly code named XFRML, XBRL is a freely available electronic language for financial reporting. It is an XML-based framework that provides the financial community a standards-based method to prepare, publish in a variety of formats, reliably extract and automatically exchange financial statements of publicly held companies and the information they contain. XBRL is not about establishing new accounting standards but enhancing the usability of the ones that we have through the digital language of business. XBRL will not require additional disclosure from companies to outside audiences.

F

Federal Accounting Standards Advisory Board (FASAB)	Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to federal government entities.
Federal Deposit Insurance Corporation (FDIC)	Independent agency that provides insurance coverage for deposits in both banks (through the Bank Insurance Fund) and savings institutions (through the Savings Association Insurance Fund) and conducts periodic examinations of state-chartered banks that are not members of the Federal Reserve System.
Federal Register (F.R.)	The principal document containing administrative agency law, including proposed and final regulations. It is issued daily.
Federal Reserve System – Board of Governors	Regulates state member banks, bank holding companies and financial services companies.

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(Fed or FRB)	
Federal Trade Commission (FTC)	Regulates the profession with regard to privacy for tax preparers, tax planners, and financial planners.
Federation of Schools of Accountancy (FSA)	The organization of accredited accounting graduate programs that is dedicated to enhancing, through collegiate education, the capabilities and performance of those entering the accounting profession.
Financial Accounting Foundation (FAF)	Independent, private-sector organization whose trustees appoint the members, provide funds, and exercise general oversight of the Financial Accounting Standards Board (FASB), Governmental Accounting Standards Board (GASB), and their respective advisory councils.
Financial Accounting Standards (FAS)	Official promulgations by the Financial Accounting Standards Board and, if not superseded, part of generally accepted accounting principles.
Financial Accounting Standards Advisory Council (FASAC)	The primary function of FASAC is to advise the Board on issues related to projects on the Board's agenda, possible new agenda items, project priorities, procedural matters that may require the attention of the FASB, and other matters as requested by the chairman of the FASB. FASAC meetings provide the Board with an opportunity to obtain and discuss the views of a very diverse group of individuals from varied business and professional backgrounds.
Financial Accounting Standards Board (FASB)	Independent, private, non-government group which is authorized by the accounting profession to establish generally accepted accounting principles in the U.S.
Financial Executives International (FEI)	Professional association for financial executives whose objective is to maintain a position of national leadership on issues affecting corporate financial management, and to provide those services that will best meet the professional needs of its members.
Financial Planning Association (FPA)	The membership organization for the financial planning community, created when the Institute of Certified Financial Planners (ICFP) and the International Association for Financial Planning (IAFP) unified on January 1, 2000. Members include individuals and companies who have contributed to building the financial planning profession and all those who champion the financial planning process.
Financial Statements	The presentation of financial data, including accompanying notes derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with a comprehensive basis of accounting.
Firm-on-Firm Team Review (FOF)	A peer review team formed by a CPA firm engaged to conduct the peer review of another CPA firm.

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Flexible Life Insurance	Term Life Insurance issued through AICPA Insurance Trust. Includes Group Variable Universal Life options.
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G

Government Accountability Office (GAO)	Independent, non-partisan agency which assists Congress in investigating and reporting on government's effectiveness in using public funds.
Generally Accepted Accounting Principles (GAAP)	Uniform minimum standards of and guidelines to financial accounting and reporting. Currently, the Financial Accounting Standards Board (FASB), the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory are authorized to establish these principles.
Generally Accepted Auditing Standards (GAAS)	Standards governing the conduct of external audits by CPAs, as determined by the Auditing Standards Board (ASB) of the AICPA.
Generation Skipping Transfer Tax (GSTT)	This is a tax on estate tax transfers, generally through trusts that are intended to avoid estate taxes. There is a \$1 million exemption, but the taxpayer has to elect to allocate it to a transfer, and this is hard to do when it is uncertain what the future value of the transfer will be. The result has been liability for practitioners for failing to elect to allocate some of the exemption to the transfer.
Government Audit Quality Center (GAQC)	An AICPA firm membership Center with objective of enhancing the quality of audits of entities subject to GAGAS.
Government Auditing Standards, a.k.a Generally Accepted Government Auditing Standards (GAGAS)	Commonly referred to as the "Yellow Book," it contains standards for audits of government organizations, programs, activities, and functions, and of governmental funds received by contractors, nonprofit organizations, and other non-government organizations. Revisions are issued as required by the Comptroller General of the U.S.
Government Finance Officers Association (GFOA)	Private, nonprofit organization which has actively supported the advancement of governmental accounting, auditing, and financial reporting since 1906.
Governmental Accounting Standards (GAS)	Official promulgations by the Governmental Accounting Standards Board (GASB) and, if not superseded, part of generally accepted accounting principles applicable to state and local governmental entities.
Governmental Accounting Standards	Group authorized by the accounting profession to establish generally accepted accounting principles (GAAP) applicable to state and local

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Board (GASB)	governmental entities.
Governmental Performance and Accountability Committee (GPAC)	The AICPA Government Performance and Accountability Committee (GPAC) represents CPAs working in all levels of federal, state and local government. It also serves the public who depend on CPAs to help ensure government accountability. The mission of the GPAC is to 1) promote greater government accountability and the integrity of government operations, information and information systems, 2) promote and encourage increased participation and involvement by CPAs in government within the AICPA, 3) enhance the professional image and value of CPAs in government, 4) provide advice and counsel to the Institute on the needs of CPAs in government, and 5) serve as a conduit for communications among CPAs in government, the Institute and other professional organizations.

I

Independence Standards Board (ISB)	Independent standard setter which was formed by the AICPA and the SEC to revise, interpret, and maintain the independence standards that apply to public company auditors. Existed from 1998 to 2001.
In-depth Interview Guide (IDI)	Provides Team AICPA employees with a tool to use in obtaining comparable, first-hand data on their member constituents' needs.
Information Systems Audit and Control Association (ISACA)	An international organization that aspires to global leadership in IT governance, control and assurance by providing its constituents education, a technical/managerial journal, professional certification, conferences, standards and original research.
Information Technology Executive Committee (ITEC)	An AICPA committee organized to research, monitor, assess, educate, and communicate the impact of technology developments on business solutions; to enhance the quality of information technology services provided by members; to achieve recognition that the CPA is the preeminent trusted professional to provide business solutions by applying information technology; and to enable all members to provide value to their clients and their employers through effective application of current, emerging and future information technologies.
Information Technology Membership Section	Voluntary AICPA membership section for CPA specialist in information technology.
Inspector General (IG)	Individuals charged with conducting and supervising audits and investigations relating to the programs and operations of their departments or agencies, and reporting on these semiannually to Congress and the chief executive of their department or agency. Such offices were established in most federal cabinet-level departments and larger agencies by the Inspector General Act of 1978.

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Institute of Internal Auditors (IIA)	An international organization that provides certification, education, research, and technological guidance for internal audit practitioners.
Institute of Management Accountants (IMA)	National membership organization of CPAs and others involved in accounting, financial and data processing work for industry, commerce and government. Issues the designation Certified Management Accountant (CMA).
Instructor Dependent (ID)	CPE group-study courses led by faculty scheduled by the AICPA.
Interactive Data Extraction and Analysis (IDEA)	EDP audit tool that allows the transfer and analysis of information from other computers.
Internal Revenue Bulletin (IRB)	Authoritative instrument of the Commissioner of Internal Revenue for announcing official rulings and procedures of the IRS, and for publishing Treasury decisions, executive orders, tax conventions, legislation, court decisions, and other items of general interest. It is published weekly.
International Accounting Standards Board (IASB)	An organization whose members represent 153 accounting bodies in 112 countries. The group is dedicated to bringing about the harmonization of international accounting standards.
International Association for Financial Planning (IAFP)	Trade association for individual financial planners and product sponsors.
International Auditing and Assurance Standards Board (IAASB)	The committee authorized by the IFAC to issue International Standards on Auditing (ISAs) and guidance.
International Federation of Accountants (IFAC)	Global organization for the accountancy profession representing 158 accounting organizations in 118 countries. Encourages high-quality practices by the worlds' accountants. Sponsors World Congress of Accountants every five years.
International Innovation Network (IIN)	A group of Institutes located in 17 different countries meeting to exchange ideas and best practices related to innovation. These areas (or "innovation") include new service lines, new products, new education, etc. Countries involved in this network include the US (AICPA), Canada, England and Wales, Ireland, Scotland, France, Germany, Argentina, Israel, Japan, Netherlands, Denmark, Sweden, Hong Kong, Australia, New Zealand, Spain, Italy and others.

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International Organization of Securities Commissions (IOSCO)	Currently has 135 member agencies working to ensure better regulation of the markets on the domestic and international level.
International Public Sector Accounting Standards (IPSAS)	Issued by the International Public Sector Accounting Standards Board, these standards set out the requirements for financial reporting by governments and others in public sector organizations.
International Public Sector Accounting Standards Board (IPSASB)	This Board focuses on the accounting and financial reporting needs of national, regional and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance, conducting educational and research programs, and facilitating the exchange of information among accountants and those who work in the public sector or rely on its work.
International Qualification Examination (IQEX)	Examination prepared by the AICPA for use by state boards of accountancy to measure the professional competence, in a U.S. context, of Canadian and Australian Chartered Accountants, Australian CPAs and Mexican Contadores Publicos Certificados who desire a CPA certificate. Only a limited number of states use IQEX.
Issuer	The term "issuer" means an issuer (as defined in section 3 of the Securities Exchange Act of 1934 (15 U.S.C.78c)). The securities of which are registered under section 12 of that Act (15 U.S.C.78l), or that is required to file reports under section 15(d) (15 U.S.C 78o (d)), or that files or has filed a registration statement that has not yet become effective under the Securities Act of 1933 (15 U.S.C. 77a et seq.) and that it has not withdrawn.
Issues Papers	Materials which provide information on financial accounting and reporting issues that the Institute believes the Financial Accounting Standards Board (FASB) or Governmental Accounting Standards Board (GASB) should consider and on which those organizations should provide guidance.

J

Joint Ethics Enforcement Program (JEEP)

Program of cooperation between the AICPA and the state CPA societies in the enforcement of the Code of Professional Conduct.

Joint Trial Board (JTB)

An AICPA Board, which provides for uniform enforcement of professional standards by adjudicating disciplinary charges against AICPA and state society members. It comprises of at least 36 members.

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K

Knowledge Management (KM)	The process of connecting people to people and people to information to create competitive advantage.
KnowledgeNET (K-Net)	The AICPA's Web-based technology platform for information and knowledge sharing.

L

Letters of Comment (LOC)– Peer Review	<p>For system reviews within the AICPA Peer Review Program, comments and recommendations issued by the review team if there are matters that the review team believes resulted in conditions being created in which there was more than a remote possibility that the firm would not conform with professional standards on accounting and auditing engagements in all material respects, but were not of such significance to cause the report to be modified or adverse.</p> <p>For engagement reviews within the AICPA Peer Review Program, comments and recommendation issued by the review team if there are departures from professional standards that are not deemed to be significant but that should be considered by the reviewed firm in evaluating the quality control policies and procedures over its accounting practice.</p>
Letters of Response (LOR) – Peer Review	A written response from the reviewed firm addressed to the entity administering the Peer Review Program which describes the actions taken or planned by the reviewed firm with respect to each matter in the letter of comments.
LEXIS	Computer-assisted legal research service which offers access to several other services, including the National Accounting Automated Research System (NAARS) and NEXIS.
Limited Liability Company (LLC)	A form of organization that may be treated as a partnership for federal tax purposes and that has limited liability protection for the owners at the state level. The entity may be subject to state franchise tax as a corporation.
Limited Liability Partnership (LLP)	A form of organization in which the individual partners are protected from the liabilities of the other partners. These entities are considered partnerships for both federal and state tax purposes.
Litigation Services (LS)	Any professional guidance non-lawyers provide to lawyers in the litigation process. Such assistance may include the quantification of damages, analysis of business facts and the provision of expert testimony.

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M

Management of an Accounting Practice (MAP)	AICPA team that assists small firms and sole proprietors in improving the management and administration of their practices.
Member Solutions Partnership (MSP)	A system that encompasses the development and deployment of functionality for enterprise resource planning (ERP), association and customer/member relationship management (CRM) features, and human resource management (HRMS) utilizing Oracle E-Business Suite 11i system.
Minority Initiatives Committee	The AICPA committee that works to actively integrate minorities into the accounting profession to become CPAs and enhance their upward mobility.

N

National Association of State Auditors, Comptrollers and Treasurers (NASACT)	An organization for state officials who deal with the financial management of state government. NASACT's membership is comprised of officials who have been elected or appointed to the office of state auditor, state comptroller or state treasurer in the fifty states, the District of Columbia, and U.S. territories.
National Accreditation Commission (NAC)	Senior AICPA committee that recommends and implements specialization/certification programs for CPAs and oversees existing accreditation programs.
National Association of State Boards of Accountancy (NASBA)	National organization representing the 54 state licensing boards/agencies which regulate the CPA profession in all states and four U.S. territories.
National Automated Accounting Research System (NAARS)	Computerized database for researching annual reports of corporations and governmental entities, and authoritative and semi-authoritative accounting and auditing promulgation's of the AICPA, Financial Accounting Standards Board (FASB), Securities and Exchange Commission (SEC), etc.
National Council of Governmental Accounting (NCGA)	Private sector standard-setting body for governmental accounting, auditing, and financial reporting from 1968 until 1984, when the Governmental Accounting Standards Board (GASB) was established.
National Credit Union Administration (NCUA)	Regulates all credit unions and insures credit union deposits up to \$100,000.

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<p>National Society of Accountants (Formerly known as National Society of Public Accountants)</p>	<p>National association for individuals with an interest in the accounting profession. Although membership is open to CPAs, the majority of this organization's members are licensed public accountants and unlicensed accountants.</p>
<p>Negative Assurance</p>	<p>An accountant's statement which says that as a result of specified procedures, nothing came to his (her) attention that caused him (her) to believe that specified matters did not meet a specified standard.</p>
<p>NEXIS</p>	<p>Full-text research and information service with a database of more than 160 U.S. and overseas general, business, and news information sources.</p>
<p>Nonissuer</p>	<p>Entities not subject to the Sarbanes-Oxley Act of 2002 or the rules of the SEC.</p>
<p>North American Securities Administrators Association (NASAA)</p>	<p>National association of individuals who administer securities laws of the states and the Canadian provinces.</p>

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O

Office of Management and Budget (OMB)	Federal government agency responsible for assisting the President in preparing the budget and formulating the fiscal program of the U.S. government, among other things. Also responsible for overseeing audits performed under single audit set and OMB circular A-133, audits of states, local governments and non-profits organizations.
Office of the Comptroller of the Currency (OCC)	A bureau of the U.S. Treasury Department designed to safeguard bank operations and the public interest through its general supervision over the operations of national banks.
Office of Thrift Supervision (OTS)	A bureau of the Department of the Treasury that charters federal savings institutions and serves as primary regulator for federal and state chartered savings institutions that belong to the Savings Institutions Insurance Fund (SIIF).
Organization for Economic Cooperation and Development (OCED)	An organization of major industrialized countries to advance economic development around the world through cooperation and sharing of information.
Other Comprehensive Basis of Accounting (OCBOA)	A basis of accounting, other than GAAP, that an entity uses to report its assets, liabilities, equity, revenues and expenses. Examples of OCBOA include income tax basis and cash basis of accounting.

P

Peer Review	An evaluation of whether a CPA firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality controls standards established by the AICPA and whether the CPA firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming with professional standards or a review of the firms' accounting reports and financial statements to determine conformity with professional standards, applicable to those engagements in all material respects. Peer reviews are performed in accordance with standards established by the AICPA Peer Review Board for firms enrolled in the AICPA Peer Review Program, and by the Center for Public Company Audit Firms Peer Review Committee for firms enrolled in the Center for Public Company Audit Firms Peer Review Program. Also see Engagement, Report and System Reviews (under the AICPA Peer Review Program) and Peer Reviews under the Center for Public Company Audit Firms Peer Review Program.
Peer Review Board (PRB)	The executive committee having senior status with authority to establish, conduct and administer the AICPA Peer Review Program in

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	cooperation with administering entities. Its objective is to enhance the quality of accounting and auditing engagements by CPA firms by establishing and conducting, in cooperation with the state CPA societies, a peer review program for AICPA and state CPA society members engaged in the practice of public accounting.
Peer Review Committees (PRC)	AICPA committees (both the Private Companies Practice Section and the Securities and Exchange Commission Practice Section have this committee) responsible for ensuring that member firms of the Division for CPA Firms maintain their practices in conformity with quality control standards of the AICPA and comply with Division membership requirements.
Peer Review Programs (PRP)	Practice monitoring programs in which peer reviews are conducted. The AICPA has two peer review programs: the AICPA Peer Review Program and the Center for Public Audit Firms Peer Review Program (CPCAF PRP).
Peer Reviews Under the Center for Public Company Audit Firms Peer Review Program	A system and compliance oriented peer review with the objectives of evaluating whether; 1) The reviewed firm's system of quality control for its accounting and auditing practice applicable to private companies non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA, 2) the reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards. A firm's accounting and auditing practice applicable to public companies SEC issuers is not reviewed in a Center for Public Company Audit Firms peer review since the Public Company Accounting Oversight Board is responsible for inspecting that portion of a firm's accounting and auditing practice in accordance with PCAOB requirements.
Performance View	This service identifies critical success factors that lead to measures that can be tracked over time. These measures are then used to assess progress in achieving specific targets linked to an entity's vision and performance.
Personal Financial Planning (PFP)	Process of addressing a client's financial concerns in the context of his (her) overall financial situation. The AICPA PFP Team provides support to members with a special interest in advising clients on the planning and management of their personal finances.
Personal Financial Planning Section	Voluntary AICPA membership section for CPA specialists in personal financial planning.
Personal Financial Specialist (PFS)	Credential in personal financial planning awarded by AICPA to those who have met practice requirements and passed an examination.
Political Action Committee (PAC)	Group of individuals with common interests and political goals that is organized to provide information and financial support to candidates for elective offices. For the Institute, this is called the AICPA PAC.

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Practice Bulletin	Information communicating the views of the Accounting Standards Executive Committee on certain narrow accounting issues.
Pre-certification Education Executive Committee (PcEEC)	The AICPA committee that recommends education policy to the Board and provides assistance to the academic community in preparing students for entry into the profession and supports the recruitment of talented students into the profession.
Private Company Financial Reporting	An initiative of the AICPA to determine if, and where, privately-held companies have a need for different accounting standards than publicly-traded companies, and if so, to work to create those standards. This initiative is currently focused on working collaboratively with the FASB to meet the needs of companies, users of financial reporting and the CPAs who serve these clients.
Private Companies Practice Section (PCPS)	One of two sections of the AICPA Division for CPA Firms that primarily serves local and regional CPA firms with non-public clients.
Professional Accountants in Business Committee (PAIB)	The Professional Accountants in Business (PAIB) Committee serves IFAC member bodies and the more than one million professional accountants worldwide who work in commerce, industry, the public sector, education, and the not-for-profit sector. Its aim is to enhance the profession by encouraging and facilitating the global development and exchange of knowledge and best practices. It also works to build public awareness of the value of professional accountants. The PAIB Committee was formerly called the Financial and Management Accounting Committee.
Professional Ethics Executive Committee (PEEC)	To develop standards of ethics, promote understanding and voluntary compliance with such standards, establish and present charges of violations of the standards and the AICPA's bylaws to the Joint Trial Board for disciplinary action in cooperation with State Societies under the Joint Ethics Enforcement Program (JEEP), improve the profession's enforcement procedures, coordinate the subcommittees of the Professional Ethics Division, and promote the efficiency and effectiveness of JEEP Program.
Public Company Accounting Oversight Board (PCAOB)	The PCAOB is a private-sector, non-profit corporation, created by the <u>Sarbanes-Oxley Act of 2002</u> , to oversee the auditors of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, fair, and independent audit reports.
Public Company Auditors' Forum	Technical and educational resource and public policy voice for U.S. audit firms that are registered with PCAOB.
Public Accountant (PA)	Generic term for persons/firms which practice public accounting but are not CPAs. Some states license public accountants.
Public Entity	Any entity that: (a) trades securities in a public market either on a stock exchange or in the over-the-counter market; (b) makes a filing

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	with a regulatory agency in preparation for the sale of any classes of its securities in a public market; (c) is a subsidiary, corporate joint venture, or other entity controlled by either (a) or (b).
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Q

Qualified Opinion	Auditor's opinion which states that, except for the effects of the matter to which a qualification relates, the financial statements fairly present financial position, results of operations, cash flows in conformity with generally accepted accounting principles.
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R

Racketeer Influenced and Corrupt Organizations Act (RICO)	Congressional statute enacted in 1970 to deal with organized crime's infiltration of legitimate business. Some states also have RICO statutes.
Registered Investment Adviser (RIA)	According to the Securities and Exchange Commission, an individual registered under the Investment Advisers Act of 1940, who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing, or selling securities.
Regulatory Accounting Principles (RAP)	The term regulatory accounting principles denotes the requirements or methods of accounting and reporting specified by regulatory agencies for supervisory reporting purposes. The AICPA encourages consistency between GAAP and RAP.
Report Acceptance Body (RAB)	Peer Review Committee members from approved state CPA society administering entities that discuss and accept peer review reports and other peer review related documents for firms enrolled in the AICPA Peer Review Program.
Report Reviews Under the AICPA Peer Review Program	A peer review where the objective is to enable the reviewed firm to enhance the overall quality of its compilation engagements that omit substantially all disclosure. To accomplish this objective, the reviewer provides comments and recommendations based on whether the submitted financial statements and related accountant's reports appear to conform with the requirements of professional standards in all material respects. A report review does not provide the reviewer with a basis for expressing an opinion on the firm's system of quality control for its accounting practice.
Revenue Procedure	A published official statement of the IRS regarding a matter of federal tax procedure, published by the National Office of the IRS.

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Revenue Ruling	A published official interpretation of the tax law by the National Office of the IRS. Rulings are often based on replies to request for rulings by taxpayers.
Review	Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements for them to be in conformity with GAAP or, if applicable, with OCBOA.
Risk Advisory Services	Services designed to identify, assess and manage risks of an entity and measure and monitor the risk management strategies implemented by that entity.

S

Securities and Exchange Commission (SEC)	Agency of the federal government that regulates the public trading of securities. The SEC has the authority to establish accounting and auditing regulations but defers to the Financial Accounting Standards Board and the Public Company Accounting Oversight Board.
Senior Technical Committee	Any AICPA committee authorized to make public statements on matters relating to its area of practice without having to get clearance from AICPA Council or the Board of Directors. (See pages 1-2 for a list of AICPA senior technical committees).
Shared Services LLC	A joint venture between the AICPA and the State Society Network Inc. to take advantage of operational cost efficiencies among the similar organizations that serve CPAs.
Statement of Position (SOP)	Statements which provide guidance on practice or industry financial accounting or reporting problems until the Financial Accounting Standards Board or Governmental Accounting Standards Board provides standards in those areas. They are also intended to influence the establishment of such standards, and to update, revise, or clarify audit and accounting guides or provide freestanding guidance.
Statements of Federal Financial Accounting Standards (SFFAS)	Official promulgations by the Federal Accounting Standards Advisory Board (FASAB) and, if not superseded, part of generally accepted accounting principles applicable to federal governmental entities.
Statements of Tax Policy	Statements which present the thinking of the AICPA's Taxation Team on questions of broad tax policy and are designed to aid in the development of federal tax legislation.
Statements on Auditing Standards (SAS)	Statements issued by the Auditing Standards Board to provide CPAs with guidance regarding the application of Generally Accepted Auditing Standards (GAAS).

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Statements on Standards for Accountants' Services on Prospective Financial Information (SSASPF)	Statements issued by the Auditing Standards Board to provide guidance to accountants concerning performance and reporting for engagements to examine, compile, or apply agreed-upon procedures to prospective financial statements.
Statements on Standards for Accounting and Review Services (SSARS)	Statements issued by the Accounting and Review Services Committee to provide CPAs with guidance regarding reporting on the unaudited financial statements or other unaudited financial information of nonpublic entities.
Statements on Standards for Attestation Engagements (SSAE)	Statements issued by the Auditing Standards Board, Accounting and Review Services Committee, or the Management Advisory Services Executive Committee to provide guidance to CPAs engaged to perform attest services.
Statements on Standards for Consulting Services (SSCS)	Statements which provides behavioral standards for the conduct of consulting services. The SSCS includes the General Standards found in Rule 201 of the AICPA Code of Professional Conduct plus three additional standards found in Rule 203, including Client Interest, Understanding with the Client and Communication with the Client.
Statements on Standards for Tax Services (SSTS)	Tax behavioral standards that are binding under the AICPA Code of Professional Conduct.
Substantial Equivalency	Substantial Equivalency is a concept that provides greater ease of mobility across state lines for CPAs both in person and electronically. Under this concept, if a CPA has a license in good standing from a state that utilizes CPA certification criteria that are essentially those outlined in the UAA, then the CPA would be qualified to practice in that state without a reciprocal license.
Successor Auditor	An auditor who has accepted an engagement or an auditor who has been invited to make a proposal for an engagement from an entity changing auditors.
System Reviews Under the AICPA Peer Review Program	Peer review for firms that perform engagements under the SASs Government Auditing Standards or examinations of prospective financial statements under the SSAEs have peer reviews called system reviews. A system review is intended to provide the reviewer with a reasonable basis for expressing an opinion on whether, during the year under review: a) the reviewed firm's system of quality control for its accounting and auditing practice has been designed in accordance with quality control standards established by the AICPA and b) the reviewed firm's quality control policies and procedures were being complied with to provide the firm with reasonable assurance of conforming with professional standards.

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SysTrust	Service to provide assurance on the reliability of a system. The service results in an examination level report on whether an entity's system meets the SysTrust principles of Availability, Maintainability, Integrity and Security and their underlying criteria.
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T

Tax Executive Committee	AICPA senior technical committee responsible for formulating and articulating technical and policy positions of the AICPA in tax matters.
Team Captain (TC)	The individual responsible for supervising and conducting a system peer review, communicating the review team's findings to the reviewed firm and to the entity administering the peer review, and preparing the report and, if applicable, the letter of comment on the system review.
Team Member (TM)	Members of a peer review team in addition to the team captain.
Technical Bulletin (TB)	Information issued by the Financial Accounting Standards Board which provides timely guidance on certain financial accounting and reporting problems.
Technical Hotline	Toll-free telephone service for use by AICPA members that provides non-authoritative technical assistance on accounting and financial reporting issues, and auditing, attestation, review, and compilation engagements.
Technical Information for Practitioners Series (TIPS)	Non-authoritative practice aids provided for CPAs.
Technical Issues Committee (TIC)	AICPA committee of the PCPS whose objective is to monitor technical developments that could have a significant effect on private companies and the CPA firms that serve them and, when necessary, submit comments and recommendations in support of the interest of these firms.
Technical Resource Panels (TRPs)	Member groups that are smaller than committees and that are charged with watching specific technical areas. When an issue arises, the panel forms a task force to do the actual work.
Transaction Trail	Chains of evidence provided through coding, cross references, and documentation connecting accounting balances and other summary results with original transactions and calculations.
Trend Monitoring System	Operation by the Strategic Planning Team that identifies emerging issues and trends with potential impact on the Institute and the profession.

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U

Uniform Accountancy Act (UAA)	The Uniform Accountancy Act is a single comprehensive piece of model legislation that seeks to eliminate differing requirements on issues including CPA certification, reciprocity, and temporary practice by promoting uniformity in state accountancy licensing laws. Uniformity would be achieved by adopting the UAA in place of existing laws in the 55 American licensing jurisdictions. The AICPA and the National Association of State Boards of Accountancy (NASBA) published the first joint model bill, later renamed the Uniform Accountancy Act (UAA), in 1984.
Unqualified Opinion	An auditor's opinion which states that the financial statements present fairly, in all material respects, financial position, results of operations, cash flows in conformity with generally accepted accounting principles.

V

Vision	CPAs are the trusted professionals who enable people and organizations to shape their future. Combining insight with integrity, CPAs deliver value by communicating the total picture with clarity and objectivity, translating complex information into critical knowledge, anticipating and creating opportunities, and designing pathways that transform vision into reality.
Vision Team	Internal staff cross-functional team that studied profession's visions and recommended organizational changes within the AICPA based on its view of future.
Virtual Grassroots Panel (VGP)	The VGP is an online group of diverse members from various segments of the profession who provide input and feedback – via online polls – to the Institute's leadership, its Strategic Planning Committee, state societies and others regarding current events in the accounting profession, AICPA initiatives, emerging opportunities and threats, and most importantly, "forward-looking" items for the profession.

W

WebTrust

Services to provide assurance on online businesses. These services result in examination level attestation reports on whether an entity meets applicable WebTrust Principles and Criteria. The Principles and Criteria address matters such as privacy, security, availability, confidentiality, consumer redress for complaints, and business practices.

Work/Life and Women's Initiatives Executive

This executive committee of the AICPA promotes within the accounting profession a work environment that provides opportunities for the

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Committee (WLWIEC) · successful integration of personal and professional lives and the advancement of women to positions of leadership.

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QUICK REFERENCE OF ACRONYMS AND ABBREVIATIONS

A

AAA	American Accounting Association
AAA	Association of Accounting Administrators
AAA-CPA	American Association of Attorney-Certified Public Accountants
AACBS	Association to Advance Collegiate Business Schools
AAFI	Associated Accounting Firms International
AAHCPA	American Association of Hispanic CPAs
ABA	American Bar Association
ABV	Accredited in Business Valuation
ACA	Accreditation Council for Accountancy
AudCommCtr	Audit Committee Effectiveness Center
ACMS	Audit Committee Matching System
AcSEC	Accounting Standards Executive Committee
ADAPSO	Association of Data Processing Service Organizations
AECC	Accounting Education Change Commission
AFA	Accounting Firms Associated, Inc.
AGA	Association of Government Accountants
AGFM	Association of Government Financial Managers
AGI	Accounting Group International
AICPA	American Institute of Certified Public Accountants
AICPA PAC	AICPA Political Action Committee
AICPA PLUS	AICPA Personal Liability Umbrella Security Plan
AITF	Audit Issues Task Force
AMA	American Management Association
APB	Accounting Principles Board
APG	Audit Program Generator
APS	Auditing Procedure Studies
AR	Advance Reading
ARA	Accounting Research Association
ARAF	Association Regional Accounting Firms
ARIA	Accounting Researchers International Association
ARSC	Accounting and Review Services Committee
ASAE	American Society of Association Executives
ASB	Auditing Standards Board
ASEC	Assurance Services Executive Committee
ASP	Application Service Provider
ASWA	American Society of Women Accountants
AT	Attestation Standards
ATA	American Taxation Association
ATB	Accountants Trial Balance
ATRA	American Tort Reform Association
AWSCPA	American Woman's Society of Certified Public Accountants

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

B

BAP	Beta Alpha Psi
BIEC	Business and Industry Executive Committee
BOE	Board of Examiners
BV	Business Valuation

C

CA	Chartered Accountants
CAE	Certified Association Executive
CAI	Computer-Assisted Instruction
CAPA	Federation of Accounting Institutions in East Asia
CART	Committee-Appointed Review Team
CASB	Cost Accounting Standards Board
CAT	Competency Self-Assessment Tool
CATS	Computerized Accounting Tool Series
CBO	Congressional Budget Office
CBT	Computer Based Testing
CCH	Commerce Clearing House
CD	Certificate of Deposit
CFP	Certified Financial Planner
CGFM	Certified Government Financial Manager
CIA	Certified Internal Auditor
CIAS	Center for Investment Advisory Services
CICA	Canadian Institute of Chartered Accountants
CISA	Certified Information System Auditor
CISM	Certified Information Security Manager from ISACA
CITP	Certified Information Technology Professional
CMA	Certified Management Accountant
CPA	Certified Public Accountant
CPA/SEA	Certified Public Accountants' Society Executives Association
CPA2BIZ	Profession's Vertical Portal
CPE	Continuing Professional Education
CRS	Congressional Research Service
CSI	Computer Security Institute

D

D & T	Deloitte & Touche LLP
DCAA	Defense Contract Audit Agency
DLG	Discussion Leader's Guide
DM	Discussion Memorandum

E

E&Y	Ernst & Young LLP
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**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

EA	Enrolled Agent
EBP AQC	Employee Benefit Plan Audit Quality Center
EBR	Enhanced Business Reporting
EC	Examination Committee
ECAS	Educational Competency Assessment Site
ECSAFA	Federation of Accounting Institutions in Africa
ED	Exposure Draft
EDMAX	Educational Management Exchange
EDPAA	EDP Auditors Association
EDPAF	EDP Auditors Foundation
EITF	Emerging Issues Task Force
ERB	Examination Review Board
ERISA	Employee Retirement Income Security Act of 1974
ESCORP	Examination Services Corporation
ETF	Evaluation Task Force

F

FAE	Foundation for Accounting Education
FAF	Financial Accounting Foundation
FAS	Financial Accounting Standards
FASAB	Federal Accounting Standards Advisory Board
FASAC	Financial Accounting Standards Advisory Council
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
Fed	Federal Reserve System – Board of Governors
FEE	Federation of Accounting Institutions in Europe
FEI	Financial Executives International
FERF	Financial Executives Research Foundation
FGAA	Federal Government Accountant's Association
FICA	Federal Insurance Contributions Act
FOF	Firm-on-Firm Review
FPA	Financial Planning Association
FR	Federal Register
FSA	Federation of Schools of Accountancy
FTC	Federal Trade Commission

G

GAAFR	Governmental Accounting, Auditing, and Financial Reporting
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAGAS	Generally Accepted Government Auditing Standards
GAO	Government Accountability Office
GAS	Governmental Accounting Standards
GASB	Governmental Accounting Standards Board
GASBOC	Governmental Accounting Standards Board Organizing Committee
GAQB	Government Audit Quality Center
GFOA	Government Finance Officers Association

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

GPAC	Governmental Performance and Accountability Committee
GSTT	Generation Skipping Transfer Tax

H

HFMA	Health Care Financial Management Association
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I

IA	International Affiliation of Independent Accounting Firms
IAA	Inter-American Accounting Association
IAASB	International Auditing And Assurance Standards Board
IAFP	International Association for Financial Planning
LAG	International Auditing Guidelines
IAHA	International Association of Hospitality Accountants
IAI	Independent Accountants International
IAPC	International Auditing Practices Committee (is now IAASB)
IASB	International Accounting Standards Board
ICFP	Institute for Certified Financial Planners
ID	Instructor Dependent
IDEA	Interactive Data Extraction and Analysis
IDI	In-depth Interview
IFAC	International Federation of Accountants
IFAD	International Federation for Accountancy Development
IGAF	International Group of Accounting Firms
IGS	Inspector Generals
IIA	Institute of Internal Auditors
IMA	Institute of Management Accountants
INCFO	Institute of Newspaper Controllers and Finance Officers
IOSCO	International Organization of Securities Commission
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IQAB	International Qualifications Appraisal Board
IQEX	International Qualification Examination
IRB	Internal Revenue Bulletin
IRS	Internal Revenue Service
ISAs	International Standards on Auditing
ISACA	Information Systems Audit and Control Association
ISB	Independence Standards Board
ISC	International Steering Committee
ISC	International Strategy Committee
ITEC	Information Technology Executive Committee

J

JEEP	Joint Ethics Enforcement Plan
JTB	Joint Trial Board

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

K

KPMG	KPMG
KM	Knowledge Management
KNET	KnowledgeNet

L

LLC	Limited Liability Company
LLP	Limited Liability Partnership
LOC	Letters of Comment
LOR	Letters of Response
LPR	Business Law and Professional Responsibilities
LS	Litigation Services

M

MAP	Management of an Accounting Practice
MCS	Management Consulting Services
MSP	Member Solutions Partnership

N

NAAACPA	National Association of Asian American Certified Public Accountants
NAAI	National Association of Accountants in Insolvency's
NAARS	National Automated Accounting Research System
NABA	National Association of Black Accountants
NAC	National Accreditation Commission
NAFC	National Accounting and Finance Council
NASAA	North American Securities Administrators Association
NASACT	National Association of State Auditors, Comptrollers and Treasurers
NASBA	National Association of State Boards of Accountancy
NCCPAP	National Conference of CPA Practitioners
NCUA	National Credit Union Administration
NSA	National Society of Accountants
NSAC	National Society of Accountants for Cooperatives

O

OCBOA	Other Comprehensive Basis of Accounting
OCC	Office of the Comptroller of the Currency
OECD	Organization for Economic Cooperation and Development
OMB	Office of Management and Budget
OTS	Office of Thrift Supervision

P

PA	Public Accountant
PAC	Political Action Committee

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

PAIB	Professional Accountants in Business Committee of IFAC
PAR	Public Accounting Report
PCAF	Public Company Auditors' Forum
PCAOB	Public Company Accounting Oversight Board
PCAF	Public Company Auditors' Forum
PcEEC	Pre-certification Education Executive Committee
PCPS	Private Companies Practice Section
PEEC	Professional Ethics Executive Committee
PFP	Personal Financial Planning
PFS	Personal Financial Specialist
PM	Participant's Manual
POB	Public Oversight Board
PPI	Producers Price Index
PRB	Peer Review Board
PRC	Center for Public Company Audit Firms Peer Review Committee
PRP	Peer Review Programs
PRC	Peer Review Committee
PWC	PricewaterhouseCoopers

Q

QC	Quality Control
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R

RAB	Report Acceptance Body
RAP	Regulatory Accounting Principles
RFP	Request for Proposal
RIA	Registered Investment Adviser
RICO	Racketeer Influenced and Corrupt Organizations Act

S

SAS	Statements on Auditing Standards
SBA	Small Business Administration
SEC	Securities and Exchange Commission
SECPS*	Securities and Exchange Commission Practice Section (* no longer in existence)
SFFAS	Statements of Federal Financial Accounting Standards
SIA	Society of Insurance Accountants
SOP	Statement of Position
SS	State Society
SSAE	Statements on Standards for Attestation Engagements
SSARS	Statements on Standards for Accounting and Review Services
SSCS	Statements on Standards for Consulting Services
SSLLC	Shared Services LLC
SSMAS	Statements on Standards for Management Advisory Services
SSTS	Statements on Standards for Tax Services

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
GLOSSARY OF TERMS, ACRONYMS, AND ABBREVIATIONS**

T

TB	Technical Bulletin
TC	Team Captain
TIC	Technical Issues Committee
TIPS	Technical Information for Practitioners Series
TM	Team Member
TRPs	Technical Resource Panels

U

UAA	Uniform Accountancy Act
UEC	Union Europeene des Experts Comptables Economiques et Financiers
UMI	University Microfilms, Inc. Of Ann Arbor, MI
USTC	United States Tax Court

V

VAI	Video-Assisted Instruction
VGP	Virtual Grassroots Panel
VTPR	Voluntary Tax Practice Review

W

WLWIEC	Work/Life and Women's Initiatives Executive Committee
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X

XBRL	Extensible Business Reporting Language
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1-24-06

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Peer Review Oversight Committee

Summary of Administrative Site Visit

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) is charged with conducting, at a minimum, an annual administrative site visit of all Board-recognized peer review program providers. The visit will be to determine if the provider is administering peer reviews in accordance with the standards adopted by the California Board of Accountancy (CBA). The visit is then summarized and reported to the CBA as part of the PROC reporting.

Date of Visit: _____

Name of Peer Review Program Provider: _____

PROC Members Performing Visit:

1. List program staff interviewed as part of the oversight visits:

Name:	Title:		
PEER REVIEW TYPES	YES	NO	N/A
1. Does the Provider have a review designed to test a firm's system of quality control for firms performing engagements under SASs, SSAEs, or audits of non-SEC issuers performed pursuant to the standards of the PCAOB?			
2. Does the Provider have a review designed to test a cross-section of a firm's engagements to assess whether they were performed in conformity with applicable professional standards for firms performing engagements under SSARS or SSAEs not encompassed in #1 above?			

Comments:

PEER REVIEW REPORT ISSUANCE	YES	NO	N/A
1. For each type of review above, does the Provider issue the following type of peer review reports:			
a. Pass? System of quality control was suitably designed, or engagements were performed in conformity with applicable professional standards.			
b. Pass with Deficiencies? System of quality control was suitably designed with the exception of a certain deficiency, or engagements were performed in conformity with applicable professional standards with the exception of a certain deficiency.			
c. Substandard? System of control is not suitably designed, or engagements were not performed in conformity with applicable professional standards.			
Comments:			
PEER REVIEWER QUALIFICATIONS	YES	NO	N/A
1. Has the Provider established minimum qualifications for an individual to qualify as a peer reviewer, to include:			
a. Having a valid and active license in good standing to practice public accounting by this state or another state?			
b. Being actively involved in practicing at a supervisory level in a firm's accounting and auditing practice?			
c. Maintaining a currency of knowledge of the professional standards related to accounting and auditing, including those expressly related to the type or kind of practice to be reviewed?			
d. Furnishing his/her qualifications to be a reviewer, including recent industry experience?			
e. Association with a firm that has received a peer review report with a rating of pass or pass with deficiencies as part of the firm's last peer review?			
Comments:			

PLAN OF ADMINISTRATION AND ACCEPTING PEER REVIEWS (cont)	YES	NO	N/A
e. Ensuring adequate peer reviewers to perform peer reviews?			
f. Ensuring the pool of peer reviewers have a breadth of knowledge related to industry experience.			
g. Ensuring the qualifications of peer reviewers?			
h. Evaluating a peer reviewer's performance on peer reviews?			
3. Has the Provider established a training program(s) designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews?			
4. Does the Provider ensure that a firm requiring a peer review selects a peer reviewer with similar practice experience and industry knowledge, and the peer reviewer is performing a peer review for a firm with which the reviewer has similar practice experience and industry knowledge?			
5. Does the Provider require the maintenance of records of peer reviews conducted under the Program, including at minimum, written records of all firms enrolled in the peer review program and documents required for submission under Section 46, with these documents to be retained until the completion of a firm's subsequent peer review?			
Comments:			
COMPOSITION OF THE PEER REVIEW COMMITTEE (PRC)	YES	NO	N/A
1. Do the PRC members meet the peer reviewer qualification requirements as outlined in the Peer Reviewer Qualifications section above?			
2. In determining the size of the PRC, did the Provider consider the requirement for a broad industry experience and the likelihood that some members will need to recuse themselves from some reviews as a result of the member's close association to the firm or having performed the review?			
3. Is any PRC member currently serving as a member of the CBA?			
4. Do PRC members comply with all confidentiality requirements by annually signing a statement acknowledging their appointments and the responsibilities and obligations of their appointments?			
Comments:			

REPORTING RESPONSIBILITIES	YES	NO	N/A
1. Has the Provider made available, at a minimum, the following:			
a. Standards, procedures, guidelines, training materials, and similar documents prepared for the use of reviewers and reviewed firms?			
b. Information concerning the extent to which the Program has reviewed the quality of the reviewers' working papers in connection with the acceptance of reviews?			
c. Statistical data maintained by the Program related to its role in the administration of peer reviews?			
d. Information concerning the extent to which the Program has reviewed the qualifications of its reviewers?			
e. Sufficient documents to conduct sample reviews of peer reviews accepted by the Program? These may include, at minimum, the report; reviewer working papers prepared or reviewed by the Program's PRC in association with the acceptance of the review; and materials concerning the acceptance of the review, the imposition of required remedial or corrective actions, the monitoring procedures applied, and the results.			
2. Has the Provider made available, in writing or electronically, the name of any California-licensed firm expelled from the peer review program and provided the reason for expulsion?			
a. If so, was the CBA notified within 30 days of notification of the firm's expulsion?			
Comments:			
SUMMARY			
1. Based upon a walkthrough, rate the administrative staff's knowledge of the Provider's program: <input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations			

SUMMARY (cont)

2. Were any specific issues identified and discussed?

3. Has the Provider demonstrated improvement from any prior oversight visit?

4. Does the Provider administer peer reviews in accordance with the standards adopted by the CBA?

Meets Expectations Does Not Meet Expectations*

Comments:

The above checklist was prepared by:

Print Name

Signature

*A rating of "No" or "Does Not Meet Expectations" requires a comment.



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Peer Review Oversight Committee

Summary of Peer Review Committee Meeting

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Peer Review Committee (PRC) meetings as further described in the PROC's operating guidelines. The PRC meetings occur several times a year. PRC members are provided with the agenda and other meeting materials subject to discussion at the meeting and often cover appropriate handling of issues observed or encountered during peer reviews, to ensure consistency of treatment amongst peer reviewers. The objective of this aspect of PROC oversight is to observe how the PRC executes its duties in the meeting and determine whether or not this aspect of the peer review process is operating effectively in the state of California. These matters are then summarized and reported to the California Board of Accountancy (CBA) as part of the PROC reporting.

Please note, PRC meetings generally include break-out sessions for 3 or 4 separate Report Acceptance Body (RAB) meetings; in these instances, the PROC member should refer to the Subcommittee Meeting checklist.

Date of Meeting: _____

Name of Peer Review Program Provider: _____

Evaluation of General Meeting Process	YES	NO	N/A
1. Does it appear that the meeting has been adequately planned? Have members been provided an agenda and supporting materials in sufficient time to review and contribute to the meeting?			
2. Do the members appear prepared for the meeting? Does it appear that the members have reviewed the materials provided prior to attending the meeting?			
3. Are there a required minimum number of committee members present?			
4. Do the members appear knowledgeable about their responsibilities?			
5. Are technical reviewers available during the meeting to address issues as they arise?			
6. Do technical reviewers appear knowledgeable about their responsibilities?			
7. Were any specific problems or issues discussed?			
8. When issues arise in RAB meetings that cannot be resolved by the RAB, are all PRC members asked to discuss their position?			
9. Do the members consider how the AICPA National Peer Review Group or how other states handle the issues being discussed?			
10. Does it appear that appropriate decisions made regarding:			
Monitoring issues.			
Scope of the review.			
Revisions to review documents.			

Evaluation of General Meeting Process (cont)	YES	NO	N/A
Corrective or monitoring actions.			
Requests for extension.			
Conclusions on problem review.			
EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION	YES	NO	N/A
11. Does the Committee consider technical reviewers' recommendations and then come to its own decision?			
12. Has the Committee agreed to take any action on the problems or issues raised?			
13. Please comment on the Committee's knowledge of acceptance procedures and corrective/monitoring actions: <input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations*			
14. Does the Committee discuss the performance of Team Captains?			
15. Does the Committee provide adequate feedback to Team Captains when performance issues are identified?			
16. Does the Committee's feedback to Team Captains aid in improving the peer review program?			
17. Do the Committee members believe sufficient guidance is provided by the program and the various manuals and procedure documents?			
18. In what areas do committee members believe additional guidance is needed:			
19. Has the Committee demonstrated improvement from any prior oversight visit report?			
20. At the conclusion of the meeting discuss your findings with the organization's Peer Review Committee Chair and Program Director: <input type="checkbox"/> Meets Expectations <input type="checkbox"/> Does Not Meet Expectations*			
21. Comments:			

The above checklist was prepared by:

Print Name

Signature

* A rating of "No" or "Does Not Meet Expectations" requires a comment.



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Peer Review Oversight Committee

Summary of Peer Review Subcommittee Meeting
 (Report Acceptance Body Meeting)

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Report Acceptance Body (RAB) meetings as further described in the PROC's operating guidelines. The RAB meetings generally occur via conference call. RAB members are provided with the materials needed to review and present the peer reports subject to discussion on a general call; however, given the oversight nature of the PROC, such materials are not distributed to PROC members. Rather, the objective of this aspect of PROC oversight is to observe how the RAB executes its duties in the meeting and determine whether or not this aspect of the peer review process is operating effectively in the state of California. These matters are then summarized and reported to the California Board of Accountancy as part of the PROC reporting.

Date of Meeting: _____

Name of Peer Review Program Provider: _____

Number of reports discussed at the meeting: _____

EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION	YES	NO	N/A
1. Do the RAB members appear knowledgeable about their responsibilities?			
2. Do the RAB members resolve inconsistencies and disagreements before accepting the reports?			
3. If inconsistencies and disagreements are not resolved, are alternative courses of action agreed to (including but not limited to further research of the unresolved matters with discussion planned to occur at a future meeting)?			
4. Are RAB members knowledgeable about:			
The technical aspects of their reviews, both peer review standards as well as general audit and accounting standards.			
Critical peer review issues and risk considerations (focus matters).			
Industry specific issues (i.e. requirements of ERISA, Governmental Standards/Regulations, etc.)			
The differences in matters, findings, deficiencies and significant deficiencies.			
Appropriate types of reports.			
Circumstances for requiring revisions to review documents.			

DOCUMENT PENDING COMPLETION

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PEER REVIEW PROGRAM PROVIDER CONTACT INFORMATION

Please provide all requested information listed below. The public contact information will be posted on the Board's Web site with the list of Board-recognized peer review program providers. Please send written notification to the Board if there are changes to any contact information.

Name of Organization: _____

Address: _____

City: _____ **State:** _____ **Zip Code:** _____

Telephone Number: () _____ **Fax Number:** () _____

Toll-Free Number (if available): () _____

Web site address (if available): _____

Name and title of contact person to be placed on approval list: _____

The information in the gray-shaded box below is for Board use only, and will not be placed on the Board's Web site.

Contact Information	Internal Use Only
Name: _____	
Telephone Number: () _____	E-mail Address: _____
Address where correspondence should be sent: _____	
City: _____	State: _____ Zip Code: _____



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PEER REVIEW PROGRAM PROVIDER CERTIFICATION AND COMPLIANCE AGREEMENT

**This agreement must be signed and returned with all materials evidencing compliance with
 Section 48 of the California Board of Accountancy Regulations.**

I certify that the statements, answers, and representations in this agreement, the application material, and any supplemental statements, are true and accurate, including the following:

1. I have read Article 6 of the California Board of Accountancy Regulations specifying the requirements for receiving Board recognition to administer peer reviews in California and agree to comply with requirements pertaining to providers, provider recognition and minimum requirements.
2. I authorize the California Board of Accountancy and its Peer Review Oversight Committee to review relevant records to ensure compliance with the requirements of Article 6.
3. I certify that the supplemental materials accompanying the application are designed in compliance with Section 48 of the California Board of Accountancy Regulations, and authorize the Board or its designee to review the materials to ensure compliance.
4. As the provider, I agree to be the responsible party for all administered peer reviews.
5. I agree to comply with the provisions of Section 17500 of the Business and Professions Code, Division 7, Part 3, Chapter 1, regarding false or misleading advertising.
6. I am the program provider representative authorized to sign this Certification and Compliance Agreement.

Peer Review Program Provider

Authorized Signature

Date

Print or Type Name

Position

Company



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CBA Item XI.A.
March 22-23, 2012

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
2/14/12

MINUTES OF THE
JANUARY 26-27, 2012
CBA MEETING

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999
 Facsimile: (949) 474-7236

TELECONFERENCE LOCATION (1/27/12 only)
 Imani Community Church
 3300 MacArthur Blvd.
 Oakland, CA 94602
 Telephone: (510) 531- 5411

Roll Call and Call to Order.

CBA President Marshal Oldman called the meeting to order at 1:00 p.m. on Thursday, January 26, 2012 at the Crowne Plaza Hotel in Irvine. The meeting recessed at 5:28 p.m. President Oldman reconvened the meeting at 9:00 a.m. on Friday, January 27, 2012, and the meeting adjourned at 11:10 a.m.

CBA Members

January 26, 2012

Marshal Oldman, President	1:00 p.m. to 5:28 p.m.
Leslie LaManna, Vice President	1:00 p.m. to 5:28 p.m.
Michael Savoy, Secretary-Treasurer	1:00 p.m. to 5:28 p.m.
Sarah (Sally) Anderson	1:00 p.m. to 5:28 p.m.
Diana Bell	1:00 p.m. to 3:00 p.m.
Alicia Berhow	1:00 p.m. to 5:28 p.m.
Michelle Brough	1:00 p.m. to 5:08 p.m.
Donald Driftmier	1:00 p.m. to 5:28 p.m.
Herschel Elkins	1:00 p.m. to 5:28 p.m.
Laurence (Larry) Kaplan	1:00 p.m. to 5:28 p.m.
Louise Kirkbride	1:00 p.m. to 5:28 p.m.
Kitak (K.T.) Leung	1:05 p.m. to 5:28 p.m.
Manuel Ramirez	1:00 p.m. to 4:21 p.m.
David Swartz	Absent.

CBA Members

January 27, 2012

Marshal Oldman, President	9:00 a.m. to 11:10 a.m.
Leslie LaManna, Vice President	9:00 a.m. to 11:10 a.m.
Michael Savoy, Secretary-Treasurer	9:00 a.m. to 11:10 a.m.
Sarah (Sally) Anderson	9:00 a.m. to 11:10 a.m.
Diana Bell*	9:00 a.m. to 11:10 a.m.
Alicia Berhow	9:00 a.m. to 11:10 a.m.
Michelle Brough	9:00 a.m. to 11:10 a.m.
Donald Driftmier	9:00 a.m. to 11:10 a.m.
Herschel Elkins	9:00 a.m. to 11:10 a.m.
Laurence (Larry) Kaplan	9:00 a.m. to 11:10 a.m.
Louise Kirkbride	9:00 a.m. to 10:28 a.m.
Kitak (K.T.) Leung	9:00 a.m. to 11:10 a.m.
Manuel Ramirez	9:12 a.m. to 11:10 a.m.
David Swartz	Absent.

*Ms. Bell attended the CBA meeting from a teleconference location.

Staff and Legal Counsel

Dan Rich, CBA Staff
Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
April Freeman, Peer Review Analyst
Rafael Ixta, Chief, Enforcement Division
Kari O'Connor, Special Projects Analyst
Deanne Pearce, Assistant Executive Officer
Kris Rose, Manager, 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

Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)
Fausto Hinojosa, Chair, Qualifications Committee (QC)

Other Participants

John Ams, Executive Vice President, National Society of Accountants (NSA)
Howard Cohen, Administrative Law Judge (ALJ), Office of Administrative Hearings
Linda Dong, California Society of Accounting & Tax Professionals (CSATP)
Jason Fox, California Society of Certified Public Accountants (CalCPA)

Patricia Kappen, California Society of Enrolled Agents (CSEA)
Layla Khamoushian, Law Offices of Mathon & Rosenweig, P.C.
Steve Krasnow, Small business owner
Samuel Lemon, Center for Public Interest Law (CPIL)
Lou Miramontes, KPMG
Morris Miyabara, CSATP, NSA
Linda Morlang, California Society of Tax Consultants (CSTC), NSA
Vicki Mulak, CSEA
Pilar Onate-Quintana
Joseph Petito, The Accountants Coalition
Jonathan Ross, KP Public Affairs
Hal Schultz, CalCPA
Charles Taylor, CSATP, NSA
Nick Taylor, CSATP, NSA
Norma Taylor, CSATP, NSA
Jeannie Tindel, CalCPA

I. Report of the President.

A. Report of the January 5, 2012 Executive Leadership Roundtable.

Mr. Oldman stated that the CBA held its annual Executive Leadership Roundtable where attendees discussed a number of topics.

Mr. Oldman stated that suggestions for future CBA meeting topics include:

- Reportable Events Threshold
- Monitoring of Fund Reserve Levels and Fees for License Renewal
- Role of the Enforcement Program Oversight Committee (EPOC)
- Strategic Plan
- Unlicensed Activity
- General Fund Loans

Mr. Oldman stated that in addition to the roundtable, he hosted a meeting among stakeholders on the topic of mobility. Mr. Oldman stated that he looks forward to further discussions and, hopefully, consensus regarding this matter.

B. Educational Presentation on License Renewal and Continuing Education Requirements for CPAs.

Ms. Rose provided an overview of this item (**see Attachment ___**).

Mr. Ramirez suggested that this presentation be posted on the CBA's website as a guide for licensees.

Mr. Ramirez inquired how the insurable limits in CBA Regulation Section 75.8 were established. Ms. Shellans stated that the standard was adopted by the CBA via regulation in 1983, and last amended in 1994. Mr. Ramirez requested that the history of insurable limits be reviewed at a future meeting. Mr. Oldman assigned this matter to the CPC.

C. Announcement of New CBA Committee and Liaison Appointments.

No comments were received for this item.

II. Report of the Vice President.

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

There was no report for this item.

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

There was no report for this item.

III. Report of the Secretary/Treasurer.

Discussion of Governor's Budget.

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

Ms. Anderson inquired regarding the impact of the positions that have been eliminated. Mr. Rich stated that some tasks have been absorbed within existing staff resources. Mr. Rich further stated although it is not an easy task, the CBA does its best to plan and prioritize to address the workload accordingly.

At this time, CBA members heard agenda items VII.A.-C.

IV. Open Session. Petitions for Reinstatement.

A. Silver D. Sack – Petition for Reinstatement of Revoked Certificate.

Mr. Sack appeared before the CBA members to petition for the reinstatement of his revoked certificate.

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

B. Roland Zita – Petition for Reinstatement of Revoked Certificate.

Mr. Zita appeared before the CBA members to petition for the reinstatement of his revoked certificate.

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

- V. 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 5:08 p.m., and the meeting recessed at 5:28 p.m.

- VI. Regulation Hearings and Possible Action on Proposed Regulations.

- A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 15, 15.1, 15.2, 15.3, 15.4, 70, 71, and 87.1 – Retired Status.

Ms. O'Connor 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 for a Retired Status License.

"The CBA is contemplating this action pursuant to the authority vested by Sections 5010, 5018, 5070.1, 5134 and 5027 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 January 27, 2012 and the time is approximately 9:01 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, 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., January 23, 2012. 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.”

No public comments were received.

Ms. O’Connor closed the regulation hearing at 9:03 a.m.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4, 70, 71, and 87.1, and Adopt New Article 2.5 Regarding Retired Status.

It was moved by Mr. Elkins, seconded by Mr. Driftmier and unanimously carried by those present to direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

B. Regulation Hearing Regarding Title 16, CCR Section 4 – Safe Harbor.

Ms. O'Connor 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 amending the safe harbor language.

"The CBA is contemplating this action pursuant to the authority vested by Sections 5010 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 January 27, 2012 and the time is approximately 9:06 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, 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., January 23, 2012. 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.”

Ms. Morlang stated the CSTC finds the statement changes to the safe harbor language to be irrelevant and not in the best interest of the consumer. Ms. Morlang further stated the CSTC strongly objects the amendment to the safe harbor language.

Ms. Mulak stated the CSEA opposes the amendments to the safe harbor language.

Ms. Dong stated the CSATP believes the two statements are factual but unnecessary/irrelevant. Ms. Dong further stated that CSATP opposes the proposed amendments to the current safe harbor language. Mr. Taylor concurred with Ms. Dong’s comments.

Mr. Krasnow stated that he is a small business owner, and the proposed amendments to the safe harbor language will negatively impact his business. Mr. Krasnow further stated the tone of the language is negative and he strongly encourages the CBA to not adopt the language.

Mr. Ams stated that he concurs with all remarks given. Mr. Ams stated that the NSA strongly opposes the proposed amendments. Mr. Ams further stated that the CBA would face significant legal challenges should it continue with implementing this regulation.

Ms. O’Connor closed the regulation hearing at 9:30 a.m.

At this time, CBA members heard agenda items VI.C.-C.1.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 4 – Safe Harbor Language.

Mr. Elkins suggested the CBA seek a legal opinion from the Attorney General’s Office regarding the safe harbor language. Mr. Elkins further stated that he believes the language would not be held constitutional in a court.

It was moved by Mr. Elkins and seconded by Ms. LaManna to

direct staff to seek a legal opinion regarding the safe harbor language and determine any further amendments. This motion was later amended (see below).

Ms. Brough concurred with Mr. Elkins' comments and inquired what level of effort went into a cost benefit analysis regarding the proposed language.

Ms. Kirkbride concurred that the language should be reconsidered.

Ms. LaManna stated she has a concern with a non-licensed person preparing financial statements and providing the current safe harbor cover letter to a bank or a bond company. Ms. LaManna further stated that the current letter does not clearly indicate that a person is unlicensed.

Mr. Ramirez stated that he believes the CBA has an obligation to ensure the safe harbor language is appropriately drafted. Mr. Ramirez further suggested that staff work with legal counsel to draft acceptable language for CBA consideration.

AMENDED MOTION

It was moved by Mr. Elkins, seconded by Ms. LaManna and unanimously carried by those present to defer the safe harbor language discussion to the March 2012 CBA meeting and direct staff to work with legal counsel, and CBA members Elkins and LaManna, to obtain a legal opinion and draft language for CBA consideration.

Mr. Ams thanked the CBA for deferring this matter.

C. Regulation Hearing Regarding Title 16, CCR Section 37.5 – Fingerprinting and Disclosure Requirements.

Ms. O'Connor 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 require fingerprinting for licensees who do not currently have fingerprints on file with the Department of Justice.

“The CBA is contemplating this action pursuant to the authority vested by Sections 144, 462, and 5010 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 January 27, 2012 and the time is approximately 9:31 a.m. This hearing is being held at Crowne Plaza, 17941 Von Karman Ave., in Irvine, 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., January 23, 2012. 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.”

No public comments were received.

Ms. O’Connor closed the regulation hearing at 9:34 a.m.

1. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 37.5 – Fingerprinting and Disclosure Requirements.

It was moved by Ms. Berhow and seconded by Mr. Ramirez to direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the EO to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed. This motion was later amended (see below).

AMENDED MOTION

It was moved by Ms. Anderson, seconded by Ms. LaManna and carried by those present to modify the implementation date to December 31, 2013 and direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an 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. Ms. Brough abstained.

VII. Report of the Executive Officer (EO).

A. Update on Staffing.

Mr. Rich stated that the CBA currently has six vacancies. Mr. Rich stated that Deanne Pearce was recently promoted to Assistant EO. Mr. Rich further stated that all vacant Investigative CPA positions have been filled and employees will begin work on February 1.

B. Update on CBA 2010-2012 Strategic Plan.

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

Mr. Elkins inquired regarding the status of the internal surname process and when completion is expected. Mr. Rich stated that it is an internal process for the purpose of document review and approval prior to public release. Mr. Rich noted the project is nearly complete.

Ms. Kirkbride inquired regarding an update on the BreZE project. Ms. Pearce stated that to her knowledge the CBA was still on track for phase three release in late 2013; however, she will follow up and provide additional information once available.

C. Update on CBA 2010-2012 Communications and Outreach Plan

(Written Report Only).

Mr. Ramirez requested that staff track the number of people who access the UPDATE on the CBA website in order to monitor the success of the electronic publication.

VIII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

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

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 ___**).

IX. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

B. Citation and Fine Activity Report.

C. Reportable Events Report.

Mr. Ixta provided an overview of items IX.A.-C. (**see Attachment ___**).

Mr. Ramirez inquired regarding the oldest pending case. Mr. Ixta stated the oldest case is a complex matter from March 2008.

D. Update on Peer Review Implementation.

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

Ms. Anderson inquired regarding staffing levels in the Enforcement Division. Mr. Ixta stated there has been a staffing deficiency in the area of peer review. Mr. Ixta further stated that the Enforcement Division is expected to be in a better staffing position within the next four to six months.

E. Discussion Regarding Options for Using Administrative Penalties in Disciplinary Cases.

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

Ms. Anderson inquired regarding what would define a gift to a specific class. Mr. Ixta stated the class would need to be open to benefit the general public.

Mr. Driftmier stated that he recalls a previous continuing education (CE) symposium that was done and it was funded by a firm. Mr. Driftmier suggested that this matter be researched to determine the details of the CE symposium.

Mr. Ramirez stated that further research regarding this matter be assigned to the EPOC. Mr. Oldman concurred with Mr. Ramirez' request.

F. Results of 1st Quarter Performance Measures Report to DCA.

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

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 January 26, 2012 CPC Meeting.

2. Discussion on Title 16, CCR Sections 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application, Section 87 – Basic Requirements, Section 87.1 – Conversion to Active Status Prior to Renewal, and Section 88 – Programs Which Qualify.

It was moved by Mr. Driftmier, seconded by Mr. Ramirez and unanimously carried by those present to adopt the CPC's recommendation that the CBA direct staff to prepare regulatory language that will increase the required CE hours for reissuance of a canceled license and for applicants with experience obtained more than five years prior to application from 48 to 80 hours. In addition, adopt the CPC's recommendation that the CBA accept the QC's recommendation for specifying the breakdown of the 80 hours for reissuance of a canceled license both with and without the authority to sign reports on attest engagements and experience obtained more than five years.

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

It was moved by Mr. Elkins, seconded by Mr. Driftmier and unanimously carried by those present to adopt the CPC's recommendation that the CBA direct staff to initiate the rulemaking process using the proposed language to reduce the

fraud continuing education requirement from eight hours to four hours, but deleting the sentence regarding the currency of the course content.

4. Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 40 and 45 – Peer Review.

The CPC recommended that the CBA direct staff to initiate the rulemaking process for peer review reporting using the proposed language and form with the following changes. The first change was that Question 6 on the form be modified. It was requested that the fine print following the “No” and “Yes” checkboxes be placed in bold, and that the direction “Go to question 7” be added to the fine print following the “Yes” answer. Additionally, a change should be made to Section 45(b) to ensure that those who still fall under the phase-in period following the implementation of these regulations will still be required to fill out the reporting form.

It was moved by Mr. Elkins, seconded by Ms. Anderson and unanimously carried by those present to adopt the CPC’s recommendation that the CBA direct staff to initiate the rulemaking process using the proposed language and form, with the suggested changes:

C. Legislative Committee (LC).

1. Report of the January 26, 2012 LC Meeting.
2. Discussion and Possible Action on Draft Language for Changes to Business and Professions Code Section 5070.1 – Retired Status.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to adopt the LC’s recommendation that the CBA sponsor the language as a separate bill or support the language if it is a part of omnibus legislation.

D. Peer Review Oversight Committee (PROC).

Report of the December 9, 2011 PROC Meeting.

Mr. Ixta stated that at its December meeting, the PROC discussed its recent oversight activities. Mr. Ixta further stated the PROC also discussed its assignments as a result of the November 2011 CBA meeting.

Mr. Ixta stated that the PROC will present its first annual report to the CBA in March 2012, which will incorporate observations and

recommendations for improving the peer review process.

E. Enforcement Advisory Committee (EAC).

There was no report for this item.

F. Qualifications Committee (QC).

Report of the January 25, 2012 QC Meeting.

Mr. Hinojosa stated that at the January QC meeting, there were six total appearances; two personal appearances; both were approved. Mr. Hinojosa stated there were four Section 69 appearances; three were approved and one not approved. Mr. Hinojosa stated the QC further discussed the current process when performing Section 69 and Personal Appearance Reviews and how to enhance the process to facilitate better understanding for the applicant and the employer. Mr. Hinojosa further stated that future agenda topics include continuation of discussions regarding a peer training manual and how to incorporate electronic media with the work paper review process.

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to accept the QC report.

XI. Acceptance of Minutes

A. Draft Minutes of the November 17-18, 2011 CBA Meeting.

Mr. Ramirez requested that the first paragraph of page 19029 of the November 17-18, 2011 CBA minutes be updated to change the word "requested" to "recommended" and to add "or higher" to the end of the last sentence of the paragraph.

B. Minutes of the November 17, 2011 CPC Meeting.

C. Minutes of the July 21, 2011 LC Meeting.

D. Minutes of the October 27, 2011 PROC Meeting.

E. Minutes of the October 19, 2011 QC Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Anderson and carried by those present to accept agenda items XI.A.-E. as modified. Ms. Berhow and Ms. Brough abstained.

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 (ALD) Task Force.

Ms. Anderson stated the ALD is now known as CPAVerify. Ms. Anderson further stated the committee is working on finalizing terminology for the site.

b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated that he serves on the Board Relevance & Effectiveness Committee's Legislative subcommittee. Mr. Oldman further stated that the committee is pushing for state board independence.

c. Education Committee.

Mr. Driftmier stated the Education Committee's recent teleconference meeting was canceled.

d. Uniform Accountancy Act Committee (UAA).

Ms. Anderson stated the UAA subcommittee she is working on is focusing on foreign firms working in the United States. Ms. Anderson further stated that she will keep the CBA informed on the committee's activities.

2. NASBA's Request for Vice Chair Recommendations for 2012-2013.

Request to Support Walter Davenport for NASBA Vice Chair Position 2012-2013.

No action was taken regarding this item.

XIII. Closing Business.

A. Public Comments.*

No public comments were received.

B. Agenda Items for Future CBA Meetings.

Mr. Ramirez requested an article in UPDATE to highlight the activities of

the Peer Review Unit to inform licensees that they cannot escape peer review simply by stating they are not subject to it.

C. Press Release Focus.

Recent Press Releases.

Mr. Rich stated the topics for consideration in a post-meeting press release include the results of the regulatory hearings and information on where the CBA stands regarding safe harbor.

Adjournment.

President Oldman adjourned the meeting at 11:10 a.m. on Friday, January 27, 2012.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary-Treasurer

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



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CBA Item XI.B.
March 22-23, 2012

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
2/22/12

MINUTES OF THE
JANUARY 25, 2012
CBA OPEN HOUSE

Crowne Plaza Irvine
17941 Von Karman Ave.
Irvine, CA 92614
Telephone: (949) 863-1999
Facsimile: (949) 474-7236

Roll Call and Call to Order.

President Marshal Oldman called CBA Open House to order at 4:14 p.m. on Wednesday, January 25, 2012 at the Crowne Plaza Irvine in Irvine, California. The Open House adjourned at 5:40 p.m.

CBA Members

Marshal Oldman, Esq., President
Sally Anderson, CPA
Donald Driftmier, CPA
Louise Kirkbride

Staff and Legal Counsel

Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Dominic Franzella, Licensing Manager
Stephanie Hoffman, Licensing Coordinator
Kari O'Connor, Special Projects Analyst
Deanne Pearce, Assistant Executive Officer
Kris Rose, Licensing Manager
Matthew Stanley, Legislation/Regulation Analyst
Victoria Thornton, Licensing Coordinator

Committee Chairs and Members

Kris Mapes, Member, Qualifications Committee (QC)

Other Participants

Nas Ahadiat, Cal Poly Pomona
Donald Bradshaw, Irvine Valley College
John Briginshaw, Pepperdine University
Betty Chavis, CSU Fullerton
Stan Deal, Azusa Pacific University
Jason Fox, California Society of Certified Public Accountants (CalCPA)
Cherrilyn J. Gaerlan, Irvine Valley College
Sandra Grunewald, California Lutheran College
Pilar Hanson, Santa Monica College
Ed Howard, Center for Public Interest Law
W.W. Holder, USC Leventhal
Shirley Maxey, USC Leventhal
Milli Penner, USC
Hal Schultz, CalCPA
Anthony Teng, Saddleback College
Teresa Thompson, Chaffey College
Jeannie Tindel, CalCPA
Bob Trezevant, USC
Donna Watson, CSATP, NSA

I. Welcome and Introductions.

President Oldman welcomed attendees and introduced CBA members and staff who were present.

II. Remarks from the CBA Assistant Executive Officer.

Ms. Pearce provided introductory remarks and introduced CBA member Don Driftmier.

Mr. Driftmier presented the background and history of how the new educational requirements for CPA licensure were developed.

III. Presentation on the New Educational Requirements for CPA Licensure Set to Take Effect January 1, 2014.

Mr. Franzella provided an overview of this item (**see Attachment 1**).

IV. Question and Answer Session.

Mr. Franzella responded to various questions and comments from the audience.

V. Public Comments for Items Not on the Agenda.

No public comments were received.

VI. Closing Remarks.

President Oldman provided closing remarks.

Adjournment.

President Oldman adjourned the CBA Open House at 5:40 p.m.

Marshal A. Oldman, Esq., President

Michael M. Savoy, CPA, Secretary/Treasurer

Veronica Daniel, Board Relations Analyst, and Deanne Pearce, Assistant Executive Officer, CBA, prepared the CBA Open House minutes. If you have any questions, please call (916) 561-1718.



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CPC Item I.
 March 23, 2012

CBA Item XI.C
 March 22-23, 2012

COMMITTEE ON PROFESSIONAL CONDUCT
 MINUTES OF THE MEETING

DRAFT

January 26, 2012

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999
 Fax: (949) 474-7236

CALL TO ORDER

Michael Savoy, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 10:00 a.m. Mr. Savoy requested that the role be called.

Present

Michael Savoy, Chair
 Sally Anderson
 Don Driftmier
 Herschel Elkins
 Louise Kirkbride

CBA Members Observing

Diana Bell
 Larry Kaplan
 Manuel Ramirez

CBA Staff and Legal Counsel

Dan Rich, CBA Staff
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology
 Veronica Daniel, Executive Analyst
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Manager, Examination Unit
 April Freeman, Peer Review Analyst
 Rafael Ixta, Chief, Enforcement Division
 Kari O'Connor, Special Projects Analyst
 Kris Rose, Manager, Renewal and Continuing Competency (RCC) Unit
 Kristy Shellans, DCA Legal Counsel
 Carl Sonne, Deputy Attorney General, Department of Justice
 Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Jason Fox, CalCPA
Samuel Lemon, CPIL
Morris Miyabara
Hal Schultz, CalCPA

- I. Approve Minutes of the November 17, 2011 CPC Meeting.

It was moved by Ms. Anderson, seconded by Ms. Kirkbride, and carried unanimously to approve the minutes of the November 17, 2011 CPC meeting.

- II. Discussion on Title 16, CCR Sections 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application, Section 87 – Basic Requirements, Section 87.1 – Conversion to Active Status Prior to Renewal, and Section 88 – Programs Which Qualify.

Ms. Pearce presented information on the continuing education (CE) requirements for reissuance and for those who obtained experience five or more years prior to application for licensure. The current requirement is 48 hours of CE. However, this is in contrast to the 80 hours required to convert from inactive to active status. The Qualifications Committee recommendation on this topic was to increase these to 80 hours and provide greater specificity as to which courses need to be taken in order to have the authority to sign attest reports. Specifically, 16 hours in financial accounting standards, 16 hours in auditing standards, 8 hours in compilation and review, 8 hours in other comprehensive basis of accounting, and 8 hours in detection and reporting of fraud in financial statements.

The CPC discussed what other comprehensive basis of accounting means. It was determined that it is a term of art and those who practice public accountancy are aware of its meaning.

It was moved by Ms. Anderson, seconded by Mr. Driftmier, and carried unanimously to recommend that the CBA increase the CE requirement for reissuance of a canceled license to 80 hours.

It was moved by Ms. Anderson, seconded by Mr. Elkins, and carried unanimously to recommend that the CBA increase the CE requirement for those who obtained experience five or more years prior to application for licensure to 80 hours.

It was moved by Mr. Driftmier, seconded by Ms. Kirkbride, and carried unanimously to recommend that the CBA approve the specificity of the QC's recommendation.

III. Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 87(e) and 87.1(d) – Eight-Hour Fraud Continuing Education Requirement.

Mr. Stanley presented regulatory language that would reduce the fraud CE requirement from 8 hours to 4 hours and would require licensees to take such a course from a provider that maintains current course content. He also pointed out there are several potential problems with the currency part of the requirement.

Ms. Anderson stated that she was comfortable with simply reducing the number of hours.

The CPC discussed whether or not the currency provision would even be enforceable as the CBA does not approve course providers.

It was moved by Mr. Savoy, seconded by Ms. Anderson, and carried unanimously to recommend to the CBA that the language be approved without the currency portion and that staff be directed to begin the rulemaking process.

IV. Discussion on Initiating a Rulemaking to Amend Title 16, CCR Sections 40 and 45 – Peer Review.

Ms. Freeman presented regulatory language that would clarify and make permanent the peer review reporting requirement. This includes making clarifying changes to the reporting form based on the first cycle of peer review reporting and the issues that were encountered. The language would also tie the reporting of peer review information to the licensees' renewal dates.

Ms. Anderson indicated that certain portions of the form may need additional clarification and requested that Question 6 be modified. It was requested that the fine print following the "No" and "Yes" checkboxes be placed in bold, and that the direction "Go to question 7" be added to the fine print following the "Yes" answer. Additionally, staff indicated that a change will be made to Section 45(b) to ensure that those who still fall under the phase-in period following the implementation of these regulations will still be required to fill out the reporting form.

It was moved by Mr. Driftmier, seconded by Ms. Anderson, and carried unanimously to recommend that the CBA direct staff to initiate the rulemaking process using the proposed language and form with the specified changes.

V. Comments from Members of the Public.

No comments were received.

VI. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 10:46 a.m.



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LC Item I. CBA Item XI.D.
March 22, 2012 March 22-23, 2012

LEGISLATIVE COMMITTEE MINUTES OF THE MEETING

January 26, 2012

DRAFT

Crowne Plaza Irvine
17941 Von Karman Ave.
Irvine, CA 92614
Telephone: (949) 863-1999
Fax: (949) 474-7236

CALL TO ORDER

Sally Anderson, Chair, called the meeting of the Legislative Committee (LC) to order at 10:30 a.m. Ms. Anderson requested that the role be called.

Present

Sally Anderson, Chair
Diana Bell
Herschel T. Elkins
Larry Kaplan
Louise Kirkbride
Manuel Ramirez
Michael M. Savoy

CBA Members Observing

Donald Driftmier

CBA Staff and Legal Counsel

Rich Andres, Information Technology
Veronica Daniel, Executive Analyst
Dominic Franzella, Manager, Examination Unit
Paul Fisher, Supervising Investigative CPA
Rafael Ixta, Chief, Enforcement Division
Kari O'Connor, Special Projects Analyst
Deanne Pearce, Assistant Executive Officer
Dan Rich, CBA Staff
Kristy Shellans, Senior Staff Counsel, DCA Legal Affairs
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Morris Miyabara, CSATP, NSA
Hal Schultz, CalCPA

I. Approve Minutes of the July 21, 2011 LC Meeting.

It was moved by Mr. Savoy seconded by Ms. Bell and unanimously carried by those present to approve the minutes of the July 21, 2011 LC meeting.

II. Discussion and Possible Action on Draft Language for Changes to Business and Professions Code Section 5070.1 – Retired Status

Mr. Stanley informed members that Assembly Member Fiona Ma contacted CBA staff to inquire if the new retired status would allow for licensees who were granted the prior CBA retired option under a previous law in the mid-1990's, but were subsequently canceled due to the repeal of that law, to call themselves retired. As the language is currently written, the holder of a canceled license is not eligible to apply for retired status. Assembly Member Ma inquired if the CBA would sponsor or support a bill that would allow these licensees to apply for a retired status license. Mr. Stanley presented language that would allow the holder of a canceled license and delinquent licensees to apply for retired status.

The LC inquired if there will be a process in place to ensure that a license previously canceled due to discipline would not be eligible for retired status. Mr. Stanley noted that if a license has been disciplined, it will appear as suspended or revoked, rather than canceled and a license that has been disciplined is not eligible to apply for retired status. A license can only be canceled due to non-payment of renewal fees for 5 years. Mr. Stanley clarified that the dates mentioned in section 5070.1 (d) (2) is the timeframe in which the CBA previously granted retired status. The LC inquired how many licensees were previously granted retired status. Staff informed members that this statistical report is not available at this time; however, this information will be identified in the historical information that is reviewed and considered for each retired status applicant.

Upon request by the LC, CBA staff clarified the difference between "sponsoring" and "supporting" a legislative bill. Staff informed the LC that sponsorship will not be necessary if this bill is included in the omnibus bill.

It was moved by Mr. Elkins, seconded by Manuel Ramirez and unanimously carried by those present to recommend that the CBA sponsor the language as a bill or support the language if it is a part of omnibus legislation.

III. Comments from Members of the Public.

No comments were received.

IV. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 10:56 a.m.



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ENFORCEMENT ADVISORY COMMITTEE MINUTES OF MEETING

November 3, 2011

CALIFORNIA STATE BOARD OF ACCOUNTANCY
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95825

FINAL

I. CALL TO ORDER

Enforcement Advisory Committee Vice Chair James Rider called the regularly scheduled meeting of the Enforcement Advisory Committee (EAC) of the California Board of Accountancy (CBA) to order at 8:45 a.m. on November 3, 2011.

Enforcement Advisory Committee

Cheryl Gerhardt, Chair	8:30 a.m. – 5:00 p.m.
James Rider, Vice Chair	8:30 a.m. – 5:00 p.m.
Joseph Buniva, Committee Member	8:30 a.m. – 5:00 p.m.
Gary Caine, Committee Member	Absent
Mary Rose Caras, Committee Member	8:30 a.m. – 5:00 p.m.
K. Jeffrey De Lyser, Committee Member	8:30 a.m. – 5:00 p.m.
Robert A. Lee, Committee Member	8:30 a.m. – 5:00 p.m.
Mervyn McCulloch, Committee Member	Absent
James Petray, Committee Member	8:30 a.m. – 5:00 p.m.
Seid Sadat, Committee Member	8:30 a.m. – 5:00 p.m.
Michael Schwarz, Committee Member	8:30 a.m. – 5:00 p.m.
Arthur Thielen, Committee Member	8:30 a.m. – 5:00 p.m.

Staff and Legal Counsel

Paul Fisher, Supervising Investigative CPA
 Rafael Ixta, Enforcement Chief
 Vincent Johnston, Enforcement Analyst
 Kay Lewis, Investigative CPA
 Fred Ly, Investigative CPA
 Allison Nightingale, Enforcement Secretary

CBA Members and Others Attending

Leslie LaManna, CBA Vice President
 Samuel Lemon, Center for Public Interest Law

II. FILE REVIEW/APPROVAL OF FILES CLOSED BY STAFF

The EAC adjourned into closed session under provisions of Government Code Section 11126(c)(2) and Business and Professions Code Section 5020.

EAC members convened into closed session at 8:50 a.m. and reconvened into open session at 10:35 a.m.

III. REPORT OF COMMITTEE CHAIR

Prior to presenting her report, Ms. Gerhardt introduced Leslie LaManna, CBA Vice President, and new EAC member, Joseph Buniva.

A. Approval of the Minutes of the November 3, 2011 EAC Meeting

Following review, it was moved by Mr. Sadat, seconded by Mr. Schwarz, and unanimously carried to approve the minutes of the November 3, 2011 EAC meeting.

The minutes will be submitted to the CBA members for review at the next regular CBA meeting

B. Report of the September 22, 2011 CBA Meeting

Ms. Gerhardt attended the September 22, 2011 CBA meeting held in Sacramento. Items discussed included an update on peer review implementation and fingerprinting CPAs licensed prior to January 1, 1998.

Ms. Gerhardt also reported that the CBA approved the proposed EAC meeting dates for 2012.

IV. REPORT OF ENFORCEMENT CHIEF

A. Enforcement Case Activity and Aging Report

The Enforcement Case Activity and Aging Report for the period October 1, 2010 to September 30, 2011 were provided in the agenda packets. Mr. Ixta stated that the report had been expanded to include data for 12 months, rather than the four months previously provided.

Mr. Ixta reported that there are 343 investigations pending. The average age of these pending cases is 249 days. He noted that these numbers have been on a downward trend since July. Mr. Ixta commented that he is optimistic that the number will continue to go down with the recent hiring of two non-technical investigative analysts.

B. Cite and Fine Report

The Citation and Fine Activity Report for the period July 1, 2011 through October 14, 2011 was provided in the agenda packets.

C. Reportable Events

The Reportable Events Report was provided in the agenda packets. Mr. Ixta reported that legislation effective January 1, 2012, will eliminate the requirement for reporting restatements for publicly traded companies.

D. Annual Results from the DCA Performance Measures Report

The Annual Results from the DCA Performance Measures Report for the period July 1, 2010 through June 30, 2011 was provided in the agenda packets.

V. OTHER BUSINESS

A. Report on Legislation

The Legislative Tracking Report as of October 10, 2011 was provided in the agenda packets. Mr. Ixta provided updated information on chaptered bills AB 431, AB 1424, SB 306, SB 541, SB 543, SB 706, and SB 773.

B. Report on Initiating a Rulemaking to Amend California Code of Regulations, Title 16, Section 4, Safe Harbor

Mr. Ixta reported that revisions to the CBA's safe harbor language in Section 4 are scheduled for hearing at the January 2012 CBA meeting. He noted Ms. LaManna proposed the concept.

Ms. LaManna explained that the current Section 4 language to be included in the transmittal letter accompanying non licensee prepared financial statements is similar to the language in financial statements prepared by licensees. The proposed amendments would clarify that the financial statements have not been prepared by a CPA. She expects some controversy over the proposed amendments at the January hearing.

C. Resolution Presentation for Arthur Thielen

On behalf of the CBA, Ms. LaManna thanked Mr. Thielen, who will retire from the EAC after this meeting, for his service to the CBA. A resolution adopted by the CBA highlighting Mr. Thielen's contributions will be sent to him.

Mr. Ixta expressed his appreciation to Mr. Thielen for his dedication and for his expertise and willingness to assist with investigative hearings.

VI. PUBLIC COMMENTS

There were no public comments offered during the meeting.

VII. CONSIDER DISCIPLINARY ACTION AGAINST INDIVIDUAL ACCOUNTANTS

[Closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3) and Business and Professions Code Section 5020 conducted after the general meeting to interview individual accountants and to consider possible disciplinary action against accountants prior to the filing of an accusation.]

VIII. ADJOURNMENT

Prior to adjournment, Mr. Lee stated that at its last meeting, the Peer Review Oversight Committee discussed instances where licensees are out of compliance with peer review requirements. He suggested that Enforcement include compliance with peer review as part of complaint investigations.

Mr. Ixta requested Mr. Fisher to follow up on this issue.

The next EAC Meeting is scheduled for February 2, 2012 in Berkeley, California.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:30 a.m. to reconvene in closed session at 1:00 p.m.

Cheryl Gerhardt
Chair, Enforcement Advisory Committee

Prepared by: Michele Santaga, Enforcement Analyst



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CBA Item XI.F.
March 22-23, 2012

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**MINUTES OF THE
December 9, 2011
PROC MEETING**

Embassy Suites Irvine
2120 Main Street
Irvine, CA 92614
Telephone: (949) 553-8332

PROC Members:

Nancy Corrigan, Chair
Katherine Allanson
Gary Bong
T. Ki Lam - Absent
Sherry McCoy
Robert Lee
Seid M. Sadat

Staff and Legal Counsel:

Rafael Ixta, Chief, Enforcement Division
Kathy Tejada, Manager, Enforcement Division
April Freeman, Peer Review Analyst

Other Participants:

Linda McCrone, California Society of Certified Public Accountants (CalCPA)
Hal Schultz, CalCPA

I. Roll Call and Call to Order.

Nancy Corrigan, Chair, called the meeting of the Peer Review Oversight Committee (PROC) to order at 9:00 a.m.

II. Report of the Committee Chair.

A. Approval of October 27, 2011 Minutes.

Ms. Corrigan asked members if they had any changes or corrections to the minutes of October 27, 2011, PROC meeting. Ms. Corrigan requested that the last sentence of the second paragraph of Item II.B. be revised to state that Texas provided their materials to the CBA PROC and showed interest in using the CBA PROC's improved materials to upgrade their program.

Ms. Corrigan also requested that the last sentence of the second paragraph of Item III.A. be revised to state that she believes the CalCPA Peer Review Committee demonstrates concern about maintaining the quality of peer reviews.

It was motioned by Robert Lee, seconded by Katherine Allanson, and unanimously carried by those present to adopt the minutes of the October 27, 2011 PROC meeting as revised.

B. Report on the November 17-18, 2011 CBA Meeting.

Ms. Corrigan summarized the report she gave at the California Board of Accountancy's (CBA) November 17-18, 2011 meeting. She stated that the CBA was very interested with her report on the CalCPA's October 20-21, 2011 Peer Review Committee meeting and the running list of peer review issues that CalCPA publishes. She also reported to the CBA on her and Sherry McCoy's October 11, 2011 visit to CalCPA's office; the ongoing progress on the PROC's Annual Report; and, the PROC's approval of the letter sent to AICPA in response to the most recent Exposure Draft. Again, the CBA thanked the PROC for their hard work.

1. Discussion Regarding Disseminating Portions of the CalCPA's Articles Containing Peer Review Tips.

The CBA requested that the PROC discuss the possibility of disseminating peer review tips that would be helpful for licensees.

PROC members suggested that a link to pertinent CalCPA articles be added to the CBA website, and that CalCPA offer courses or webcasts that provide peer review guidance to firms. Mr. Ixta further suggested that an article be written for the CBA UPDATE publication which would include links to CalCPA's website and a list of peer review resources.

Mr. Bong believes that CBA members want the CBA to help firms through the peer review process. He suggested that a checklist be created to assist firms in preparing for a review. Ms. Corrigan added that there is an AICPA checklist that assists the firms with preparing for their peer review.

Ms. McCrone stated that the peer review portion of CalCPA's website is available to the public. She also advised members that in August 2011, CalCPA had a webcast for peer reviewers to bring them current with peer review standards. CalCPA also communicates to peer reviewers through an e-newsletter and expects peer reviewers to educate firms as a part of the peer review process.

Staff will research all options discussed, including seeking CalCPA's approval to link to its website and obtaining any peer review checklists that may already exist.

2. Discussion Regarding Approaches to Enlisting More Peer Reviewers.

Due to the shortage of peer reviewers, the CBA requested that the PROC discuss how to encourage licensees to become peer reviewers.

Mr. Lee commented that CalCPA did an excellent job of updating peer review requirements at the July peer review training course, and suggested that they incorporate information about the shortage of peer reviewers.

Ms. McCrone commented that the Peer Review Committee has been focused on getting new reviewers over the past 4-5 years, and has seen new reviewers recently.

Mr. Ixta suggested including an article in the next CBA UPDATE publication to encourage licensees to consider becoming peer reviewers and include links to the CalCPA and AICPA websites regarding how to become a peer reviewer.

C. Meeting Protocol.

In an effort to make sure all comments are heard, while it is understood that some periods of open discussion are encouraged, Ms. Corrigan requested that members and guests wait to be acknowledged by the Chair before speaking or asking questions.

III. Report on PROC Activities.

A. Report on the October 11, 2011 Visit to the CalCPA Office.

Ms. Corrigan and Ms. McCoy visited CalCPA's office on October 11, 2011 to review their peer review processes and administrative procedures. A summary of the visit was provided to members. Ms. Corrigan stated that they are planning the next visit, at which time they will begin testing a selection of peer review reports.

B. Discussion Regarding Sampling Peer Review Reports.

Ms. Corrigan suggested that the sample size be 2% which is consistent with other organizations. Ms. Allanson further suggested that the PROC start with a sample size that is reasonable to the AICPA, but be prepared to modify the size based on results.

C. Discussion Regarding Letter to the National Association of State Boards of Accountancy (NASBA) Regarding the Peer Review Oversight Committee Summit.

Ms. Corrigan discussed the draft letter to NASBA regarding the August 16, 2011 PROC Summit. The letter thanks NASBA for the opportunity to participate, requests that another Summit be held in the near future, and requests that future Summits be available via teleconference or webcast to increase participation. She requested comments from members.

Mr. Ixta suggested copying the CBA Executive Officer and the CBA President on the letter. Members agreed with the edit.

It was motioned by Seid Sadat, seconded by Robert Lee, and passed unanimously by those present to approve the letter to NASBA as revised.

IV. Reports and Status of Peer Review Initial Implementation.

A. Statistics of Licensees who have Reported their Peer Review Information to the CBA.

Kathy Tejada reported that as of December 6, 2011, 30,209 peer review reporting forms have been submitted to the CBA from licensees in the first two groups of the phase-in period. The reporting forms are categorized as follows:

Licenses Ending in 01-33

Peer Review Required	2,071
Peer Review Not Required (firms)	4,097
Peer Review Not Applicable (non-firms)	14,991

Licenses Ending in 34-66

Peer Review Required	559
Peer Review Not Required (firms)	1,777
Peer Review Not Applicable (non-firms)	6,714

B. Status of Correspondence to Licensees Regarding Peer Review Reporting and Updates to License Renewal Application.

April Freeman advised members that staff is currently preparing reminder letters to be mailed to licensees who are required to report peer review information by July 1, 2012. It is anticipated that the letters will be sent in January 2012. Currently, there are still over 11,000 licensees that have not reported.

C. Status of PROC Roles and Responsibilities Activity Tracking.

Ms. Freeman gave a summary of the activities completed by the PROC in 2011. She pointed out that target dates have been added to the activities that have not yet been completed.

D. Discussion of Implementation Phase-in Dates in California Code of Regulations Title 16 Section 45 – Reporting to the Board.

Mr. Ixta advised members that the phase-in reporting dates referenced in CCR Section 45 do not go beyond July 1, 2013. CBA staff are scheduled to meet to prepare regulatory amendments which will be taken to the January 2012 CBA meeting for discussion.

V. Status of PROC's Annual Report.

Ms. Corrigan reiterated the goal to have the PROC Annual Report submitted to the CBA at its March 2012 meeting. She emphasized that the final draft must be completed at the PROC's February 2012 meeting.

Mr. Ixta stated that staff has prepared a first draft of the report and requested further input and comments from members. The following edits were suggested:

- Message from the Committee Chair – This will be the last section drafted.
- Background – No comments.
- Goals & Objectives – Add the origin of the goals and objectives (January 2008 CBA Memo).
- Committee Members & Staff – Add term expiration dates.
- Legislation & Regulation – No comments.
- Strategic Plan Accomplishments – Questioned necessity. Leave blank for now.
- Statistics – Add how many firms are registered, and how many need a peer review in each phase. Add the number of failures and extensions.
- Board-recognized Peer Review Program Providers – No comments.
- Oversight Activities – Add “Accomplishments” to the title; include PROC Procedures Manual, checklists, letters and exposure drafts; clarify the number of attendees at each meeting; add administrative site visit to “Sample Review” section; clarify information about approval of peer review program providers.
- Findings – Change title to “Observations & Recommendations.” Use completed checklists, minutes, and Chair’s reports to the CBA to prepare findings.
- Preliminary Summary of Peer Review Survey Results – No comments.
- Public Affairs & Outreach – Remove.
- Future Considerations – Members suggested including the length of process; oversight of the NPRC; confidentiality issue.

Mr. Ixta encouraged members to email any additional ideas to Ms. Freeman. Ms. Corrigan reminded members that only issues that have been discussed by the Committee should be included in the report. Staff will bring the final draft of the report to the next meeting.

VI. Discussion Regarding Oversight of the AICPA’s National Peer Review Committee (NPRC).

Mr. Ixta provided background information on the NPRC and summarized several items concerning oversight of organization. Ms. McCoy suggested requesting guidance from the CBA on how to proceed with NPRC oversight. Mr. Bong questioned why the PROC would even consider excluding NPRC from oversight since they are a provider.

Mr. Ixta suggested that representatives from AICPA and NPRC be invited to the PROC’s April meeting when this topic is scheduled for discussion.

VII. Discussion Regarding Failed Peer Review.

A. Enforcement Process for Failed Peer Reviews.

Mr. Ixta explained the procedures that are followed when the CBA receives a failed peer review report; including examining the reasons for the failure, and determining if further investigation is warranted based on evidence of an egregious violation.

Mr. Ixta further explained that failed peer reviews submitted to the CBA are public documents unless protected by law. Failed peer reviews are submitted for the purposes of conducting an investigation and, therefore, exempt from public disclosure under the Public Records Act.

Mr. Bong questioned why the CBA wants copies of failed peer reviews. Mr. Ixta explained that during the legislative process, public interest groups emphasized the importance of CBA reviewing failed peer reviews as an element of consumer protection.

B. Summary of Failed Peer Reviews.

Mr. Ixta reported that the CBA has received 36 failed peer review reports and gave an overview of the summary of deficiencies which listed the reasons for each failure. He advised members that the CBA wants to know how many of those failures were a result of firms having their first peer review. Ms. McCrone offered to provide staff with those statistics.

VIII. Adoption of PROC Procedures Manual.

Mr. Ixta presented the final PROC Procedures Manual and asked for a motion to adopt. Ms. Corrigan clarified that additional items can be added to the manual as needed. Member suggested minor edits to the manual.

Members discussed the confidentiality letter and decided that it should not be included as an appendix in the manual at this time. Members do not believe they should be required to sign any type of confidentiality statement, and do not want any peer review program provider dictating what documents they can and cannot view. Members requested that DCA Legal review this issue again and possibly take the issue to the CBA for formal communication to the AICPA.

It was motioned by Robert Lee, seconded by Seid Sadat, and unanimously carried by those present to adopt the PROC Procedures Manual as revised and without Appendix C – Confidentiality Letter.

IX. Discussion Regarding Peer Review Survey.

Mr. Ixta stated the peer review survey has been online since December 2010 and will be used to help compile information for the report to the Legislature and Governor in January 2015. The survey was brought to the PROC to share the survey content.

Ms. Freeman advised members that they are welcome to provide input on how survey results should be presented, but that the results have not yet been exported from the database to a functional spreadsheet. Mr. Bong suggested that when analyzing the results, staff should indicate which peer review program provider was used.

In response to members' questions, Mr. Ixta confirmed that the intent of the survey was to be confidential so licensees would answer honestly.

X. Discussion Regarding PROC Assignments.

Ms. Corrigan made the following assignments:

January 5, 2012 RAB meeting – T. Ki Lam & Seid Sadat

January 20, 2012 AICPA PRB meeting – Kathy Allanson, Sherry McCoy & Nancy Corrigan

January 24, 2012 RAB meeting – Robert Lee

February 15, 2102 RAB meeting – Gary Bong
March 6, 2012 RAB meeting – T. Ki Lam
April 26, 2012 CalCPA PRC meeting – Sherry McCoy & Nancy Corrigan

XI. Future Agenda Items.

Agenda items for future meetings:

- PROC Annual Report to the CBA (Feb)
- Confidentiality Issue (Feb)
- Conflict of Interests Issue (Feb)
- Peer Review Survey Results (Feb)
- Oversight of NPRC (Apr)
- Modification of Peer Review Survey (Apr)
- Peer Review Articles (Apr)

XII. Public Comment for Items Not on the Agenda.

No public comment.

XIII. Adjournment.

There being no further business, the meeting was adjourned at 2:00 p.m.

Nancy ■ Corrigan, Chair

April Freeman, Peer Review Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-1720.



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CBA Item XII.B.2.
March 22-23, 2012

Proposed Responses to NASBA Focus Questions

Presented by: Kari O'Connor, Special Project Analyst

Date: February 21, 2012

Purpose of the Item

These are proposed responses for the California Board of Accountancy (CBA) to provide comments to NASBA regarding practice and regulatory issues impacting the accountancy profession. **(Attachment 1)**

Action(s) Needed

The CBA will be requested to either approve, or direct staff to make changes to, the proposed responses.

Background

Attached for your information are draft responses to NASBA Regional Directors' Focus Questions, which were issued on January 29, 2012. These responses have been prepared for Raymond Johnson, Pacific Regional Director and are due to Mr. Johnson by April 4, 2012.

Comments

Staff has been informed that the quarterly Focus Questions are used to help NASBA regional directors stay apprised of each state's policies and procedures, and to see where improvements or adjustments might be made. The eight regional directors review the states' answers and then present their findings to NASBA.

Recommendation

These draft responses to the Focus Questions were prepared by CBA staff from the Enforcement, Licensing, and Administration Divisions.

Attachments

NASBA Quarterly Focus Questions

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

January 29, 2012

To: State Board Chairs and Executive Directors
From: Telford A. Lodden - Chair, Committee on Relations with Member Boards
Re: Focus Questions

As Chair of the 2011-12 Committee on Relations with Member Boards, I would like to thank you for your participation at NASBA's Annual Meeting and for your assistance with our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards.

I hope your Board is making plans to have its representatives attend the State Board Legal Counsel Conference, March 11-13, and the Annual Conference for Executive Directors and State Board Staff, March 11-14, both in San Antonio, TX. In the meantime, please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

Ted Lodden

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tal@brookslodden.com

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Great Lakes Director – **Kim Tredinnick** Fax: (608) 249-1411 Phone: (608) 240-2318
ktredinnick@virchowkrause.com

Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin

Middle Atlantic Director – **Miley (“Bucky”) W. Glover** Fax: (704) 289-3439
Phone: (704) 283-8189 bglover@gotopotter.com

DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia

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Colorado, Idaho, Montana, Nevada, Utah, Wyoming

Northeast Director – **Jefferson Chickering** Phone: (603) 620-1961 jeffchickering@msn.com
Conn., Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont

Pacific Director – **Raymond Johnson** Phone: (503) 913-5182 johnsonr@pdx.edu
Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington

Southeast Director – **Jimmy E. Burkes** Fax: (601)960-9154 Phone: (601) 326-7118
jburkes@hrbccpa.com

Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands

Southwest Director – **Janice L. Gray** Fax: (405) 364-3771 Phone: (405) 360-5533, ext. 103
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Arkansas, Louisiana, New Mexico, Oklahoma, Texas

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by April 4, 2012. Use additional sheets for your responses if needed.

**JURISDICTION: California Board of Accountancy (CBA) DATE: February 9, 2012
NAME OF PERSON SUBMITTING FORM: Kari O'Connor**

1. (a) Valuation as practiced by CPAs is largely an unregulated practice. If a complaint were to be filed in this practice area, what body of standards would your Board look to? (b) Are such standards directly mentioned in the Board's rules?

(a) The AICPA issued a Statement on Standards for Valuation Services in 2007. CBA enforcement staff follows this standard when conducting investigations regarding valuation services. Staff would also use the general standards contained in Rule 201 of the AICPA's Code of Professional Conduct which require professional competence, due professional care, adequate planning, and the requirement to obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations in relation to any professional services performed.

(b) The above standards in (a) are not directly mentioned in the CBA's rules. However, CBA Title 16, California Code of Regulations (CCR) Section 58 states "Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards."

2. (a) What do your state's education rules specify as to acceptable university or college accrediting agencies? Many state education rules refer to accredited colleges or universities, and Article 5 of the UAA rules discusses accreditation in terms of levels. Some jurisdictions have indicated confusion about the meaning and level of accreditation along with differences in accrediting agencies. (b) Does your Board need more information on this subject?

In California, at a minimum, education must be from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 (as amended). California does not need additional information regarding this subject.

3. The AICPA will be concluding its ethics codification soon, converging with the standards of the International Accounting Ethical Standards Board. In order to appropriately respond to the exposure draft of the new AICPA Ethics Codification it will be very helpful to understand the following issues:

(a) Where is your state's code of professional conduct, in rules or in statute?

(b) Does your state's code of professional conduct adopt rules as of a specific point in time? If yes, how often do you update your rules for changes in the AICPA Code of Professional Conduct?

(c) Does your Board currently have plans for reviewing the new AICPA codification of the Code when it is exposed later this year? How will your state incorporate changes made in the AICPA codification of the Code into your rules/statute?

(a) The CBA code of professional conduct is in regulation and statute. Business & Profession (B&P) Code Section 5018 authorizes the CBA to prescribe, amend, or repeal rules of professional conduct through regulations. B&P Sections 5060 – 5063.3 and CBA Regulation Sections 50 – 69 contain California specific Standards of Professional Conduct. CBA Regulation Section 5 requires all CBA licensees to adhere to all the rules and regulations of the Accountancy Act. Title 16, CBA Regulation Section 58 states “Licensees engaged in the practice of public accountancy shall comply with all applicable professional standards, including but not limited to generally accepted accounting principles and generally accepted auditing standards.” This subjects licensees to the AICPA’s Code of Professional Conduct.

(b) The CBA statutes and regulations are not of a specific point in time.

(c) The exposure draft will be shared with the board for their review and direction.

4. What disciplinary actions taken by the Internal Revenue Service would trigger self reporting and/or opening a case in your state?

B&P Code Section 5063 contains the ‘self-reporting’ requirements for licensees. Section 5063(a)(3) requires licensees to self report, the cancellation, revocation, or suspension of the right to practice as a certified public accountant before any governmental body or agency. “Any government body or agency”, encompasses the Internal Revenue Service (IRS). This reporting must be made to the CBA within 30 days of the date the licensee has knowledge of the action by the IRS.

5. What is happening in your jurisdiction that is important for other State Boards and NASBA to know? Are there any issues with which NASBA can help your Board?

New Educational Requirements for CPA Licensure Beginning January 1, 2014

Legislation passed in 2009 will require that applicants for California CPA licensure, beginning January 1, 2014, complete an additional 20 semester units of accounting study and 10 semester units in ethics study. In September 2011, the CBA began the rulemaking process to establish the requirements for the 20 semester units of accounting study. The California Legislature passed legislation on September 26, 2011 establishing the 10 semester units of ethics study in the Accountancy Act. The CBA is working diligently distributing information to students, licensure applicants, licensees, and other "interested parties" to get information out related to the 2014 educational requirements. One means we have used to achieve this end is to conduct a series of Open Houses, inviting college and university faculty and other stakeholders to meet with CBA members and staff to get answers regarding the new education requirements. The CBA would like to direct interested parties to www.dca.ca.gov/cba for more information about the new educational requirements.

Retired License Status Option

The CBA will soon be joining approximately 20 other state boards of accountancy in offering a retired license status to licensees. Assembly Bill 431, signed into law on October 2, 2011, allows the CBA to establish a retired license status. The CBA is presently in the process of establishing regulations that specify minimum qualifications and other criteria related to the retired status license. The new status will become available to licensees in 2013.

Fingerprinting Requirements

Prior to January 1998 individuals applying for a CPA license were not required to submit fingerprints as a condition of licensure. Beginning July 1, 2014, any licensee who has not previously submitted fingerprints and successfully completed a state and federal level criminal offender record check, will be required to do so prior to license renewal.

Continuing Education

In the area of continuing education (CE), a new requirement took effect on January 1, 2012. Licensees renewing in an active status are now required to document completion of a minimum of 20 hours of CE in each year of the license renewal period, including 12 hours in technical subject matter, as part of the total 80 hours required for active status license renewal. Additionally, the CBA is currently drafting regulatory language to reduce the Fraud CE requirement from 8 hours to 4 hours.

Peer Review

The CBA implemented a mandatory peer review program for CPA firms in 2010. Under the peer review program, in order for a firm to renew its registration the firm will have to undergo a peer review of its accounting and auditing practice administered by a CBA recognized peer review provider. The legislation creating the CBA peer review program requires a report to the Governor and the Legislature on the effects the peer review program is having on smaller CPA firms by January 1, 2015.

6. NASBA’s Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- Input only from Board Chair**
- Input only from Executive Director**
- Input only from Board Chair and Executive Director**
- Input from all Board Members and Executive Director**
- Input from some Board Members and Executive Director**
- Input from all Board Members**
- Input from some Board Members**

Other (please explain):

1/29/12



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TELEPHONE: (916) 263-3680
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WEB ADDRESS: <http://www.cba.ca.gov>



CBA Item XII.C.
March 22-23, 2012

Participation on National Committees

Presented by: Veronica Daniel, CBA Staff

Date: March 1, 2012

Purpose of the Item

The purpose of this item is to identify additional opportunities for California Board of Accountancy (CBA) members to actively participate on national committees, thereby ensuring that California maintains an active presence in the decision making process related to the accountancy profession. Identification of opportunities to serve on national committees is provided to help accomplish that goal, by equitably distributing CBA members' time and effort among these committees.

This item further discusses assistance that staff will provide to facilitate CBA member success in these endeavors. This assistance will encompass committee nomination forms, travel requests, conference registrations, etc.

Action Needed

None

Background

National Association of State Boards of Accountancy (NASBA)

NASBA's official committee recruitment process has begun for 2012-2013. The deadline for submitting interest forms is April 9, 2012. However, CBA members can apply throughout the year up until the annual meeting in October when appointments are made. The appointments are decided by NASBA's Chair and committee meetings are not open to the public. The committee interest form, which includes a listing of committees as well as their respective charges, is included as **Attachment 1** and is also available on the NASBA website at www.nasba.org.

CBA staff previously identified a process to assist CBA members in applying for membership on NASBA committees. Once the CBA receives information from NASBA that it is beginning its committee appointment process, staff will communicate that information to the CBA members and will act as a liaison by receiving the applications and forwarding them to NASBA. Assisting CBA members in the committee appointment process will also help staff identify and request out-of-state travel (OST) for committee

Participation on National Committees

March 1, 2012

Page 2

attendance, as necessary. Additional information regarding the OST process is provided on page 3.

The CBA currently has four members/staff participating on the following NASBA committees:

Accountancy Licensee Database Task Force	Sally Anderson/Patti Bowers
Board Relevance & Effectiveness Committee	Marshal Oldman
Education Committee	Don Driftmier
Uniform Accountancy Act (UAA)	Sally Anderson

In addition to its various committees, NASBA also holds several conferences and meetings open to CBA members as well as interested stakeholders. Below is a listing of the upcoming events in 2012, which is also available on its website.

- Western Regional Meeting: June 27-29, 2012, Anchorage, AK
- 105th Annual Meeting: October 28-31, 2012, Orlando, FL
- NASBA International Forum: October 31-November 1, 2012, Orlando, FL

More information regarding NASBA committees may be obtained by contacting Anita Holt at (615) 880-4202 or aholt@nasba.org.

American Institute of Certified Public Accountants (AICPA)

Participation on AICPA's volunteer groups begins every November. The AICPA maintains a website that provides significant information on its 200 plus volunteer groups at <http://volunteers.aicpa.org>. The volunteer groups consist of the AICPA's Governing Council, Board of Directors, committees, subcommittees, expert panels, resource panels, quality centers, boards, and task forces.

There are a handful of AICPA volunteer groups where there has been an agreement with NASBA to appoint state board members to them. These volunteer groups include the Auditing Standards Board (ASB), Board of Examiners (BOE) State Board Committee, the Professional Ethics Executive Committee (PEEC), and the National Peer Review Committee (NPRC). A listing of these volunteer groups with respective charges is provided as **Attachment 2**. NASBA nominates several state board members for each of these volunteer groups and the AICPA fills vacancies from that list. With exception of the NPRC and the PEEC, the volunteer groups require a member to be a CPA and a member of the AICPA.

It is important to note that participation in one of the AICPA volunteer groups requires completion of a "Lifetime AICPA Volunteer Service Policy and Copyright Agreement Statement", a copy of which is provided as **Attachment 3**.

At this time, the CBA does not have members participating on any AICPA volunteer groups.

More information regarding AICPA volunteer groups may be obtained from AICPA Volunteer Services by contacting either Andrea Singletary at (212) 596-6097 or asingletary@aicpa.org, or David Ray at (212) 596-6030 or dray@aicpa.org.

Out-Of-State Travel Process

Given the state's continuing adverse economic condition, the Department of Consumer Affairs (DCA) has maintained a freeze on OST trips and will only review OST requests that are vital and "mission-critical" to the mandates of each board/bureau operations. This includes zero-dollar OST trips.

Conference Attendance Requirements

Attachment 4 is a "Conference Attendance Request" form, which is to be used when CBA members or staff register for a conference or convention. The form is required in order to ensure compliance with Department of Personnel Administration regulations (CCP, Section 599.635) requiring DCA Executive Office approval to attend any conference or convention if the registration fees exceed \$50.00, or when more than two individuals from the same department are attending the same convention or conference.

Fair Political Practices Commission (FPPC)

If you are already a member of either a NASBA or AICPA committee, those entities will need to reimburse you for any related travel costs you incur during this fiscal year. Please note that anytime you travel on behalf of the CBA and the trip is paid for by a third party, it needs to be reported on your Annual Statement of Economic Interest that is filed with the FPPC.

CBA staff stand ready and willing to offer any assistance through this process and will also be available at the meeting to answer any questions you may have.

Comments

None

Recommendation

None

Attachments

1. NASBA Committee Interest Form/Charges
2. AICPA Volunteer Group Opportunities
3. Lifetime AICPA Volunteer Service Policy
4. Conference Attendance Request

COMMITTEE INTEREST FORM
NASBA Committee 2012-2013

Accountancy Licensee Database Committee
Administration and Finance Committee
Audit Committee
Awards Committee
Bylaws Committee
CBT Examination Administration Committee
Communications Committee
Compliance Assurance Committee
CPE Committee
Education Committee

Enforcement Resource Committee
Ethics & Professional Issues Committee
Executive Directors Committee
Global Strategies Committee
International Qualifications Appraisal Board
Legislative Support Initiative Committee
Regulatory Response Committee
State Board Relevance and Effectiveness Committee
UAA Committee

Complete the following if you would like to serve on a NASBA committee in 2012-2013.

Name Board

Firm

Address

City State Zip Code

Telephone Facsimile E-mail

2011-12 NASBA Committee Service: _____

I would like to continue on this committee: Yes No
(If YES, this will be listed as your first choice unless otherwise noted)

Select each committee you are interested in from the above list and indicate whether it is your first, second, or third choice.

Committee Choice	First <u>Choice</u>	Second <u>Choice</u>	Third <u>Choice</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Please submit to:

NASBA

150 Fourth Avenue North, Suite 700 Nashville, TN 37219-2417

Telephone: (615) 880-4202 FAX: (615) 880-4291 Email: aholt@nasba.org

ATTN: Anita Holt

Deadline: April 9, 2012

Committee Interest Form - Membership Demographics

Area(s) of specialization (*select all that apply*):

Accounting – Governmental
Accounting - Private
Advisory Services – Financial
Audit – Internal Controls
Audit – Private
Ethics
Peer Review
Other: _____

Accounting - IFRS
Accounting – Public
Advisory Services – Management
Audit – International
Audit – Public
Financial Planning
Taxation

Accounting – Not for Profit/Non-profit
Advisory Services – Computer
Audit – Governmental
Audit – Not for Profit/Non-profit
Education
Law
Valuation

Public Speaker: Yes No

Topics of Past Talks

Where

Current Association Membership(s)

Topics of Published Articles

Publication Name

Classes Taught

Where

Membership on Special Committees

Organization Name

Awards Received Outside NASBA

Organization name

Languages spoken (select all that apply):

English
Japanese
Vietnamese
Other: _____

Spanish
Chinese
Arabic

Certifications (select all that apply)

ABV ASA CFA
CFE CFF CFP
CIA CITP CMA
CVA EA Other: _____
RTP PFS

School(s) attended

Degree Obtained

Current Employer: _____

Gender: Male Female

Are you a Peer Reviewer: Yes No

Estimated Availability for Volunteer Time in terms of hours per month: _____

2012 – 2013 Committee Charges

Accountancy Licensee Database Committee

Promote and assist with implementation of the ALD in every state. (ALD)

Administration and Finance Committee

Oversee and monitor the financial operations of NASBA.

Audit Committee

Review the scope of the independent audit of the NASBA's financial statements and recommend to the NASBA Board of Directors the audit firm to perform the following year's independent audit.

Awards Committee

Review nominees for the NASBA Distinguished Service Award, William H. Van Rensselaer Public Service Award and Lorraine P. Sachs Standard of Excellence Award. Recommend to the Board of Directors the proposed recipients of the awards.

Bylaws Committee

In response to suggestions from the boards of accountancy, Board of Directors and NASBA committees, review Bylaws and Articles of Incorporation for clarity and consistency and recommend changes as needed.

CBT Examination Administration Committee

Assist State Boards in resolving administration and operational issues for the computer based examination system, and coordinate communications and surveys of State Boards regarding to the Uniform CPA Examination.

Communications, Outreach and Relations Committee

Develop and promote innovative and unique programs and methods for communications by state boards of accountancy and NASBA with other agencies, consumers, the CPA profession, related professionals and legislative bodies.

Enhance outreach and relations with state boards and their constituents, assist in the implementation of management initiatives beneficial to boards of accountancy, and recognize outstanding performance by individual state board members and their staff. (Formerly Communications Committee)

Compliance Assurance Committee

Explore, develop and implement opportunities for state boards to become uniformly involved in standard setting and oversight of mandatory peer review or other compliance assurance review programs.

CPE Committee

Monitor the statements on standards for continuing professional education to encourage implementation by state boards, develop aids and interpretations and oversee the sponsor membership appeal process. Lead the bi-annual CPE Conference.

Education Committee

Explore and define issues relating to educational requirements for entry into the profession, including effective implementation of UAA Rules 5-1 & 5-2 among the states. Work collaboratively with the education community and profession to proactively address issues relative to college curriculum.

Enforcement Resource Committee

To maintain and enhance the “Enforcement Manual” designed for use by state boards as a resource in enforcement. To assist and provide resource support in areas such as discovery, investigations, expert witness sourcing and other areas deemed necessary. To continue to assist state boards and other regulatory agencies in the referral process.

Ethics & Professional Issues Committee

Monitor and evaluate the issues of AICPA's PEEC, to harmonize ethics standards of state boards with other regulatory bodies. To promote the development & adoption of UAA ethics provisions uniformly among the states, and to share with state boards emerging ethics and other professional issues.

Executive Directors Committee

Provide Executive Director Colleagues a platform for education and information exchange; provide NASBA with administrative and regulatory perspective; and facilitate cooperation and understanding among common-ground entities.

Global Strategies Committee

Identify and assert state boards' influence on international issues including accounting principles, auditing standards, standards of ethics and education, and other aspects of the accounting profession as they affect the regulation of accounting professionals. Manage and monitor NASBA's periodic International Forum. Identify and refer issues to appropriate NASBA committees and/or task forces for action and monitor results.

International Qualifications Appraisal Board

Review accounting qualifications of other countries, negotiate reciprocity agreements with the professional accounting organizations and make reciprocity recommendations to state boards of accountancy.

Legislative Support Initiative Committee

Regulatory Response Committee

Develop regulatory responses to issues embodied in accounting and auditing exposure drafts and statements, and drafts or statements of other entities that will impact the state boards regulatory and enforcement responsibilities.

State Board Relevance and Effectiveness Committee

Promote a legislative template for self-directed, semi-independent Boards of Accountancy and enhance State Boards' relevance, effectiveness and operational and financial independence. Such efforts will include assisting in legislative management, interaction with professional groups, regulatory bodies and the public, including Board and legislative testimony.

Uniform Accountancy Act Committee

Monitor the need for revisions to the UAA and the Model Rules, including proposals from other NASBA Committees, and suggest appropriate new revisions to the NASBA Board of Directors for approval and release for exposure and comment.

AICPA VOLUNTEER GROUP OPPORTUNITIES FOR CBA MEMBERS

(Note: CPA nominees must be members of the AICPA)

AUDITING STANDARDS BOARD

To develop and communicate performance and reporting standards and practice guidance that enable the public auditing profession to provide high quality objective attestation services at a reasonable cost and in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest.

SPECIAL QUALIFICATIONS: Members in public practice with concentration in audit and attest engagements.

BOARD OF EXAMINERS STATE BOARD COMMITTEE

The State Board Committee is responsible for maintaining an awareness of state board concerns related to Examination activities that fall under the purview of the BOE, communicating that information to the BOE, and ensuring that state boards are kept advised of BOE activities and actions.

PROFESSIONAL ETHICS EXECUTIVE COMMITTEE

To develop standards of ethics, promote understanding and voluntary compliance with such standards, establish and present charges of violations of the standards and the AICPA's bylaws to the Joint Trial Board for disciplinary action in cooperation with State Societies under the Joint Ethics Enforcement Program (JEEP), improve the profession's enforcement procedures, coordinate the subcommittees of the Professional Ethics Division, and promote the efficiency and effectiveness of JEEP Program.

NATIONAL PEER REVIEW COMMITTEE

To enhance the performance and quality of non-SEC accounting, auditing and attestation engagements performed by AICPA members and their firms, by administering the AICPA Peer Review Program, primarily for those firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB). Formerly known as the Center for Public Company Auditing Firms (CPCAF) Peer Review Committee.

Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement

To Volunteer Committee Members or Non-Members

Membership on a volunteer group in a member organization with more than 350,000 members such as ours provides an opportunity for you to network with your peers and serve your profession by working on various interesting and worthwhile assignments.

Your acceptance and ultimate participation on a volunteer group entails a responsibility to assist in achieving the objectives of the volunteer group through preparation for, and attendance at, its meetings and participating in its deliberations. All Volunteer Group members will be evaluated by the Chair of the group during the year regarding their attendance and participation at meetings.

We know that you have many demands on your volunteer time. We appreciate your willingness to use a part of that time to serve our profession. We hope you benefit as much by your volunteer service as the AICPA benefits from having members willing to volunteer.

All volunteers on any type of Volunteer Group (includes Committees, Subcommittees, Boards, Panels, Centers, and Task Forces) are required to review the Volunteer Service Policy and provide their signature to the Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement (the "Service Policy Agreement), refer to last page of this document. Your signature on the Service Policy Agreement indicates your agreement to abide by the Volunteer Service Policy (provided below) and the assignment of rights to copyright.

Any questions regarding the Service Policy Agreement should be directed to David Ray at 212-596-6030, Andrea Singletary at 212-596-6097 or via email at VolunteerServices@aicpa.org.

Volunteer Service Policy

Confidentiality and Conflict of Interest

During the course of service as a member of a Volunteer Group, the member may have access to, or receive, information which is proprietary or confidential. Such information includes, but is not limited to; trade secrets, customer, employee or AICPA member data, information related to the operations or plans of the Institute or of firms, companies or individuals or which is otherwise personal, private or of a sensitive nature. Volunteer Group members must consider all information received or discussed during their service as confidential, and members may not use or disclose any such information without express permission from the Office of the Institute's President or its General Counsel or as permitted elsewhere in this Service Policy Agreement.

In addition, members should avoid all conflicts of interest. Specifically, where a matter is the subject of discussion that may result in a personal financial benefit/opportunity to a member or his/her firm to the exclusion of the members generally, that conflict of interest should be disclosed and the member should not participate in the discussion or the vote on the matter.

Communications

During recent years the activities of the Institute have increased rapidly in scope and variety. Most of these activities are conducted by or under the supervision of Volunteer Groups. To avoid over-lapping or duplication of effort and to maintain consistency in general policies, it is essential for all activities to be coordinated as effectively as possible.

It is also important that statements to the press or communications with outside groups, which may result in published statements attributed to the Institute, be screened for conformity with policies laid down by the Board of Directors. The Chair of the Board, the President and designated members of senior management have been delegated the responsibility for this function. All press releases and similar communications with reporters and financial writers on behalf of the Institute should be channeled through or cleared with the Office of the President of the Institute. The Washington Office should receive advance information about statements to be made to any branch of the Federal Government.

The following senior Volunteer Groups are authorized to make public statements without clearance from Council or the Board of Directors, on matters related to their area of practice:

- Accounting and Review Services Committee
- AICPA Peer Review Board
- Assurance Services Executive Committee
- Auditing Standards Board
- Center for Audit Quality Governing Board
- Financial Reporting Executive Committee
- Forensic and Valuation Services Executive Committee
- PCPS Executive Committee
- Personal Financial Planning Executive Committee
- Professional Ethics Executive Committee
- Professional Practice Executive Committee
- Tax Executive Committee

All statements concerning policy or technical matters issued on the authority of such Volunteer Groups should be clearly identified as such.

Pronouncements and outside communications of all other Volunteer Groups must be cleared by the Board of Directors prior to issuance.

Actions Which May Discredit the AICPA

Volunteer members should not engage in, promote, or participate in any activities which would reasonably be anticipated to discredit or result in damage to the AICPA's reputation or otherwise discredit the core standards and principles it or the CPA Profession represents.

Meetings

Care should be exercised in the decision to call a meeting and the selection of meeting sites to ensure effective meetings consistent with reasonable costs to the Institute and to the firms and other organizations of Volunteer Group members. Regarding meeting sites, meetings should be scheduled in locations that are easily accessible, are conducive to serious volunteer efforts, require a minimum of travel of Volunteer Group members and staff, and require the least expenditure of non-chargeable time compatible with Volunteer Group requirements. Considerations should be given to use of conference calls and use of computer technology which is available, such as teleconferencing in lieu of a meeting, whenever possible.

The purpose of a Volunteer Group meeting is to obtain the input of members and decisions on volunteer matters and where appropriate, produce material for use by the Volunteer Group and others. For effective Volunteer Group deliberations, and in fairness to other volunteer members, each member should spend whatever time is necessary to prepare for the meetings and then actively participate.

Ownership/Assignment of Copyright

From time to time, Volunteer Group members may be tasked with preparing various documents, guides, plans, standards and other material for use by the Volunteer Group and/or others outside of the group. (All such material is herein referred to as the "Work").

The Work and all updates and/or revisions thereof shall be considered as work made for hire for all purposes of the copyright Law. Accordingly, all of the rights comprised in the Work and the updates thereof shall vest in the AICPA, its successor and assigns, as the sole and absolute owner thereof. In the event it is determined that the Work is not considered as a work made for hire, the Volunteer Group member hereby assigns to the AICPA all of Volunteer Group member's rights, title and interest, including all rights of copyright in the Work to the AICPA. The AICPA shall have the sole right and power to apply for any and all copyrights in its name, in order that all copyrights so obtained shall vest in the AICPA, including the copyrights for any renewed or extended terms now or hereafter authorized by law. Whenever requested by the AICPA, the Volunteer Group member shall perform such acts and sign all documents and certificates which the AICPA may reasonably request in order to fully carry out the intent and purposes of this Paragraph.

***Lifetime AICPA Volunteer Service Policy
and Copyright and Confidentiality Agreement***

Verification and Agreement

As a requirement of membership in an AICPA Volunteer Group (including without limitation, Committees, Subcommittees, Task Forces, Boards, Commissions, Panels, Expert Panels, Centers and Technical Resource Panels), I the undersigned hereby verify and state that I have read the above Service Policy Agreement, and I fully understand its terms. By affixing my signature below, I hereby agree to be bound by all of its terms and conditions including, without limitation, the sections dealing with Confidentiality and Conflict of Interest and Ownership/Assignment of Copyright.

Please fax this signed document to the AICPA Volunteer Services Team at 212-596-6104 with the required information requested below.

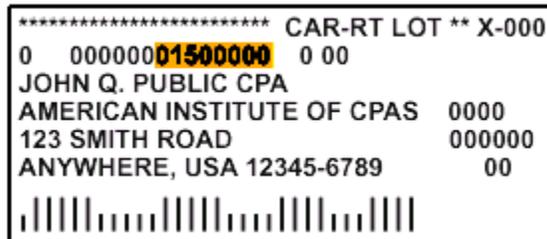
Name (please print) First: _____ MI: _____ Last: _____

Signature: _____ Date: _____

Member Number (*mandatory*): _____ *Member Number Lookup See Below*

How do I find my AICPA Member Number?

You can easily find your AICPA Member Number by looking at a recent issue of your Journal of Accountancy or The CPA Letter. Simply look at the mailing label on either publication – the last 8 digits in the first line on the label (right above your name) represents your membership number. Your membership number is also listed at the top of your dues bill.



Non-Members – Please contact us for assignment of a Customer Number, taking the place of a Member Number.

* This agreement will remain on file for a lifetime of AICPA volunteer service

Any questions or assistance needed, please contact David Ray at 212-596-6030, or Andrea Singletary at 212-596-6097 or via email at VolunteerServices@aicpa.org

Completing the Conference Request Form

The Department of Personnel Administration regulations (CCR §599.635) require advance approval to attend any conference or convention if the registration fees exceed \$50.00, or when more than two individuals from the same department attend. Attendance at a conference should be limited to those directly concerned with the topic. A conference (or convention) is defined as a meeting with a formal agenda, of persons to discuss or consult on specific work related subjects with the purpose of exchanging views, providing lecture or dialog, or providing or gaining skills and or information for the good of the State.

Cost and Time Information - Include the dollar amount for the cost of the conference registration and the estimated travel cost per person and the extended total amounts.

Registration fees may include meals that are determined to be an integral part of the conference. **Any meals that are optional, organized for social purposes, or are attended strictly for public relations purposes must be excluded from approved registration fees.** Employees that wish to participate must do so at their own expense and may only be reimbursed, if they are on travel status, at the allowable meal reimbursement rates.

Travel costs include:

Transportation expenses: Airfare, rental car, shuttle, parking, and mileage reimbursement (when using a private car)

Lodging expense: Room rate plus tax per night. In cases where the lodging expense exceeds the allowable rates per DPA rules and/or Bargaining Unit Contracts, an Excess Lodging Rate Request form (STD 255c) must also be submitted for advance approval.

Meal expenses: Include meals at the allowable meal reimbursement rates less any meals included in the registration fees.

Indicate whether or not any meals are included in the conference registration fee.

Indicate the method of payment necessary to complete the conference registration request. If the vendor requires advance payment, prepare and attach a requisition form (99J-27) to this request. If the employee prepaid the conference registration fee and will be requesting reimbursement on a travel expense claim make sure to check the appropriate box and submit the approved Conference Request Form and a valid proof of payment with the travel expense claim.

Conference Justification - Include the purpose for attending. If more than two employees are attending, include the reason.

Copies of the Conference Registration form and Agenda, if applicable must be attached to the Conference Request form.

Approval – The Department’s Executive Office must approve all requests where the registration fees exceed \$50.00, or when more than two individuals from the same department attend. All approvals are required prior to attendance.

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
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CBA Item XIII.C.
March 22-23, 2012

Press Release Focus

Presented by: Deanne Pearce, Assistant Executive Office

Date: February 27, 2012

Purpose of the Item

Staff will provide suggestions for an appropriate focus for the press release to be issued following each CBA meeting. This is a dynamic analysis based on the activities of each CBA meeting.

Action(s) Needed

No specific action is required on this agenda item

Background

There have been three press releases since the January 2012 CBA meeting; one regarding retired status, three enforcement actions, and one previewing the March 2012 CBA meeting.

Comments

None

Recommendation

Staff recommendation will be made at the time of this presentation.

Attachments

1. California Board of Accountancy Brings "Retired Status" Closer to Reality
2. Enforcement Action New Release
3. Preview of the March 2012 CBA meeting



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Attachment 1

NEWS RELEASE

CALIFORNIA BOARD OF ACCOUNTANCY BRINGS “RETIRED STATUS” CLOSER TO REALITY

(Sacramento, CA) –California CPAs will soon be able to retire without having to choose whether to give up their hard-earned CPA credential or pay the full biennial renewal fee to enable them to keep “CPA” after their name. At its meeting in Irvine January 26-27, the CBA approved proposed regulations that provide the mechanism to implement the new “retired license status.” The new status is expected to be available later this year once the rulemaking process is completed.

Legislation allowing the CBA to create the new status, AB 431, was sponsored by the CBA, signed by Governor Brown and took effect January 1, 2012.

“The CBA believes that CPAs who want to retire should not have to choose between paying to maintain their license or seeing the word 'delinquent' or 'cancelled' next to their name on the Board’s website,” said Patti Bowers, CBA Executive Officer. “We are pleased that this will no longer be an issue.”

The new proposed regulations will still require that CPAs choosing to retire must renew their retired license every two years, although unlike active and inactive licenses, the retired CPA would not have to pay renewal fees. There would be an initial \$100 application fee for changing a license status to the retired designation.

Under the law, the CBA will be required to deny retired status to anyone whose license has been suspended, revoked, or is otherwise subject to disciplinary action by the CBA.

“This will enable CPAs to retire with a designation that better reflects their actual status and acknowledges their years of professional service to their communities,” said Bowers. “The CBA’s highest priority is the protection of the public and believes this new license status provides more specific information to the public.”

Created by statute in 1901, the CBA’s mandate ensures protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 85, 000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

More information about the California Board of Accountancy is available at www.cba.ca.gov

For immediate news updates via email, subscribe to CBA’s E-News at <https://www.cba.ca.gov/forms/enews>.



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**California Board of Accountancy
Enforcement Action News Release**

Sent to business@latimes.com on March 5, 2012

Stephen Anthony Frlekin, El Segundo, CA (CPA 29811) and Jerry L. Burdick, Westlake Village, CA (Applicant) have been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_f.shtml#724

http://www.dca.ca.gov/cba/discipline/decisions/index_b.shtml#658

Sent to business@ocregister.com on March 5, 2012

Eddy John Secco, Irvine, CA (CPA 83513) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_s.shtml#734



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Attachment 3

PRESS ADVISORY

CALIFORNIA BOARD OF ACCOUNTANCY TO MEET IN BURLINGAME

Will discuss Legislative Proposals Introduced for 2012

SACRAMENTO - The California Board of Accountancy (CBA) will discuss and take a position on a myriad of legislative topics when it meets this week in Burlingame. The CBA agenda will also include a variety of topics of interest to consumers and CPAs. This is a public meeting and members of the press are invited to attend.

The meeting will be held **Thursday, March 22, 2012, 12:30 p.m. – 5:30 p.m.** and **Friday, March 23, 2012, 9:30 a.m. – 2:30 p.m.** at the **Hyatt Regency San Francisco Airport, 1333 Bayshore Highway, Burlingame, CA 94010.**

The meeting will also be webcast, available at <http://www.cba.ca.gov/webcast/> and access is also available via Twitter @ <http://twitter.com/CBAnews> and Facebook @ <https://www.facebook.com/CBAnews>.

For immediate news updates via email, subscribe to CBA's E-News at <https://www.cba.ca.gov/forms/enews>.

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