



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

**QC Meeting
Notice & Agenda**

**Wednesday, July 31, 2013
12:00 p.m. – 5:00 p.m.**

DoubleTree by Hilton Ontario
222 North Vineyard Avenue
Ontario, CA 91764
Telephone: (909) 937-0900

Roll Call and Call to Order (**Maurice Eckley, Chair**).

- I. Chairperson's Report (**Maurice Eckley, Chair**).
 - A. Approval of the April 24, 2013, Minutes.
 - B. Report on May 23-24 and July 25, 2013, CBA Meetings.
- II. Report on May 23 and July 24, 2013 Taskforce to Examine Experience for CPA Licensure Meetings (**Kris Mapes, Vice Chair**).
- III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
- IV. Public Comment for Items Not on the Agenda.
Break.
- V. Review Files on Individual Applicants [The Committee will meet in closed session to review and deliberate on applicant files as authorized by Government Code Section 11126(c)(2), and Business and Professions Code Sections 5022 and 5023.]
- VI. Conduct Closed Hearings [The Committee will meet in closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]
Adjournment.

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

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

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Kathryn Kay at (916) 561-1742, or by email at kathryn.kay@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Kathryn Kay, Licensing Coordinator
(916) 561-1742 or kathryn.kay@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

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



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

QC Item I.A.
July 31, 2013

MINUTES OF THE
APRIL 24, 2013
QUALIFICATIONS COMMITTEE (QC) MEETING

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

The regularly scheduled meeting of the QC was called to order at approximately 10:00 a.m. on April 24, 2013 by QC Chair, Maurice Eckley, Jr.

QC Members

Maurice Eckley, Jr., Chair
Kristina Mapes, Vice Chair
Carlos Aguila - Absent
Jenny Bolsky
Gary Bong
Brian Cates
Lewis Fisher
Michael Haas
Chuck Hester
Fausto Hinojosa
Casandra Moore Hudnall
Alan Lee
Robert Ruehl
Jeremy Smith
James Woyce

CBA Liaison Present

K.T. Leung

Staff Present

Dominic Frazella, Chief, Licensing Division
Veronica Daniel, Licensing Manager
Emily Cole, Licensing Coordinator
Kathryn Kay, Licensing Coordinator

I. Chairperson's Report.

A. Approval of the January 23, 2013, QC Meeting Minutes.

It was moved by Mr. Lee, seconded by Mr. Woyce and unanimously carried by those present to adopt the minutes of the January 23, 2013 QC Meeting.

B. Report on the March 21-22, 2013 CBA Meeting.

Mr. Eckley announced that the CBA appointed Ms. Mapes as Vice Chair of the QC and introduced the new licensing coordinator Ms. Cole.

Mr. Eckley reported that the CBA took its final step as part of the emergency rulemaking process to adopt regulatory text for practice privilege regulations. The proposed text and underlying documents were recently posted by staff to the CBA website. The CBA has requested that the regulations take effect July 1, 2013 to coincide with the start of the new practice privilege statutes.

Mr. Eckley reported that findings from the reexamination of CBA Regulation Section 70 fee levels prior to the submission to the Office of Administrative Law (OAL) will be reported at the May CBA Meeting.

Mr. Eckley reported that in late January OAL disapproved the CBA's retired status rulemaking. In OAL's estimation, the CBA did not provide the evidence required that the fees associated with the rulemaking do not exceed the reasonable cost of providing service. The original fee structure required a \$100 initial application fee and restoration fee of \$200 up to \$1,000 based on the number of renewal cycles the license was in a retired status.

At the meeting, staff presented revised language with a new fee structure that calls for a \$75 initial application fee and a fixed \$50 restoration fee. The CBA approved the revised text and directed staff to complete the rulemaking process.

Mr. Eckley also reported that urgency omnibus legislation, Senate Bill 823, was introduced and includes legislative language to allow candidates to qualify for the Uniform CPA Examination prior to the conferral of a baccalaureate degree. The legislation would also extend the deadline for candidates to qualify for licensure under Pathway 1 or Pathway 2 after the new educational requirements take effect on January 1, 2014.

Staff will be providing the CBA a bill analysis at the May meeting.

Mr. Franzella reported that the CBA has established a taskforce to examine licensure experience requirements, specifically the general and attest requirements. He noted that Ms. Mapes will serve on the taskforce, with the first task force meeting to be held in conjunction with the May CBA meeting.

Mr. Franzella reported that a considerable amount of resource materials is being compiled for the taskforce's review, including copies of QC meeting materials and minutes that capture past discussions on relevant topics. The QC discussed its interest in offering its services to the CBA and taskforce regarding this matter.

II. Report on Activities in the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. She informed members that since the publication of the report the Associate Governmental Program Analyst and Office Technician positions have been filled.

III. Consideration and possible adoption of the QC Manual.

Mr. Franzella introduced the QC Manual for feedback and approval.

Mr. Hester complimented staff on the manual and offered some suggested changes.

Ms. Mapes requested that further information be added regarding what an applicant can expect following an appearance at a QC meeting, timeframes, and the denial process.

Mr. Hinojosa noted that one area for future clarification is the Certificate of Attest (CAE) form fields for preparing work papers and audit procedures. When preparing the CAE, most CPA's estimate the number of hours for these fields because they are part of a larger category. Mr. Franzella noted that this could be addressed the next time a regulation change occurs.

It was moved by Ms. Bolsky, seconded by Mr. Hester and unanimously carried that the QC adopt the QC Manual to include the suggested revisions.

IV. Agenda Items for Future CPA QC Meetings

Mr. Bong suggested that the process for applicant selection be reviewed. Mr. Hinojosa requested that a staff briefing of the current selection process be placed on a future agenda for QC feedback.

Mr. Haas requested an agenda item regarding the policy for evaluating review hours. Mr. Franzella noted that the taskforce may address this issue and that QC consideration of this topic should be delayed until after the taskforce completes its review of the experience requirement.

Mr. Hester requested that an agenda item regarding the progress of the taskforce be placed on the QC agenda.

V. CONDUCT CLOSED HEARINGS [Closed session in accordance with Government Code Section 11126(c)(2) and (f)(3), and Business and Professions

Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure]

C13-010 – Applicant and her employer appeared and presented work papers for her private accounting experience. She has 54.75 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-011 - Applicant and his employer appeared and presented work papers from his public accounting experience. He has 57 months of experience, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. However, it was suggested that for any future appearances the employer bring a representative sample of all review work for comparison to attest hours.

Recommendation: Approve.

C13-012 - Applicant appeared via Skype and presented work papers from her governmental accounting experience. She has 13.25 months of experience, with a 12-month experience requirement.

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

Recommendation: Approve.

C13-013 – Applicant and his employer appeared and presented work papers from his private accounting experience. He has 26.25 months of experience, with a 12-month experience requirement.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-014 – Applicant and his employer appeared and presented work papers from his private accounting experience. He has 24.25 months of experience, with a 12-month experience requirement.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-015 - Applicant and her employer appeared and presented work papers from her public accounting experience. She has 24.5 months of experience, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. The appearance was due to a family relationship. There was no conflict of interest.

Recommendation: Approve.

C13-016 – Applicant appeared and presented work papers from his non-public accounting experience. He is currently licensed with general experience.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-017 - Employer appeared and presented work papers from applicant's public accounting experience. She has 15.25 months of experience, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure. The appearance was due to a family relationship. There was no conflict of interest.

Recommendation: Approve.

C12-030 – Applicant and his employer appeared and presented work papers for his public accounting experience. He has 60.25 months of experience, with a 24-month experience requirement.

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

Recommendation: Approve.

The firm is placed on reappearance status.

The following Section 69 review took place on May 2, 2013, and is made a part of these minutes.

C13-002 - Applicant and his employer appeared and presented work papers from

his public accounting experience. He has 25.25 months of experience, with a 12-month experience requirement.

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

Recommendation: Approve.

C13-018 - Applicant and his employer appeared and presented work papers from his public accounting experience. He has 14 months of experience, with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. However, it was suggested that for any future appearances the employer bring a representative sample of all review work for comparison to attest hours.

Recommendation: Approve.

C13-020 - Applicant appeared and presented work papers from his private accounting experience. He has 24.25 months of experience, with a 12-month experience requirement.

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

Recommendation: Approve.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 3:30 P.M. on April 24, 2013. The next meeting of the QC will be held on July 31, 2013.

Maurice Eckley, Jr., Chair

Prepared by Emily Cole, Licensing Coordinator



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QC Item III.
July 31, 2013

Report on the Activities of the Initial Licensing Unit

Presented by: Veronica Daniel, Licensing Manager

Date: July 15, 2013

Purpose of the Item

The purpose of this agenda item is to provide Qualifications Committee (QC) members a summary of recent activity in the California Board of Accountancy Initial Licensing Unit (ILU).

Action(s) Needed

No specific action is required on this item.

Background

A report on activities of the ILU is provided at each QC meeting. The report provides QC members with statistical information and an overview of recent activity in the ILU.

Comments

The report on activities of the ILU has historically provided QC members a rolling three-month snapshot of the workload and general processing timeframes. In order to provide members a fuller picture of ILU activities, the report has been redesigned to reflect three fiscal years of statistical data while still providing a narrative report highlighting recent activity within the program area.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff has no recommendation on this item.

Attachments

Report on the Activities for the Initial Licensing Unit

CALIFORNIA BOARD OF ACCOUNTANCY

Individual License Applications	FY 2010/11	FY 2011/12	FY 2012/13
CPA Licensure Applications Received by Type¹			
Type A	3,358	2,969	3,036
Type B	201	151	206
Type C	360	392	329
Type D	60	68	54
Type E	19	14	29
Total Received	3,998	3,594	3,654
Total Processed	3,567	3,241	3,474
Average Days to Process	15	15	25
Method of Licensure			
Pathway 0 ²	14	12	4
Pathway 1 – attest	466	405	416
Pathway 1 – general	604	499	543
Pathway 2 – attest	919	795	756
Pathway 2 – general	1,564	1,530	1,755

Firm License Applications	FY 2010/11	FY 2011/12	FY 2012/13
Corporation			
Total Received	212	257	221
Total Processed	184	223	174
Average Days to Process	11	8	14
Partnership			
Total Received	126	125	89
Total Processed	66	106	70
Average Days to Process	11	8	14

¹ Application Type

² Although uncommon, the CBA does have occasion to issue licenses under Pathway 0 due to the reissuance process.

**CALIFORNIA BOARD OF ACCOUNTANCY
REPORT ON THE ACTIVITIES FOR THE INITIAL LICENSING UNIT**

Fictitious Name Permit			
Total Received	162	178	169
Total Processed	146	156	105
Average Days to Process	11	8	14

Initial Licensing Unit

- Initial Licensing Unit (ILU) staff has been actively researching information to assist the Taskforce to Examine Experience for CPA Licensure (Taskforce) in its deliberations. The Taskforce will continue to meet in conjunction with regularly scheduled CBA meetings.
- Senate Bill 1405, pertaining to practice privilege, became operative on July 1, 2013. Included in the bill were provisions to register out-of-state accounting firms. ILU staff has begun developing internal processes for handling the new registration type.
- As part of the pending rulemaking file on continuing education (CE) modifications, the CBA took steps to amend the CE requirements for stale-dated experience and license reissuance. It is anticipated that the new regulations will take effect January 1, 2014. Management is preparing a training plan for ILU staff and an article regarding the new requirements will be planned for the fall edition of UPDATE.