



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
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WEB ADDRESS: <http://www.cba.ca.gov>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
PUBLIC MEETING NOTICE FOR THE COMMITTEE ON PROFESSIONAL CONDUCT
(CPC) AND CBA MEETINGS**

DATE: Thursday, November 21, 2013

CPC MEETING

TIME: 9:00 a.m.

DATE: Thursday, November 21, 2013

CBA MEETING

TIME: 10:00 a.m. to 4:00 p.m.

DATE: Friday, November 22, 2013

CBA MEETING

TIME: 9:00 a.m. to 1:00 p.m.

PLACE: Hilton San Jose
300 Almaden Blvd.
San Jose, CA 95110
Telephone: (408) 287-2100
Fax: (408) 947-4489

Enclosed for your information is a copy of the agendas for the CPC and CBA meetings on November 21-22, 2013. For further information regarding these meetings, please contact:

Corey Riordan, Board Relations Analyst
(916) 561-1716 or corey.faiello-riordan@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

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

The next CBA meeting is scheduled for January 23-24, 2014 in Southern California.

The meeting is accessible to individuals who are physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Corey Riordan at (916) 561-1718, or email corey.faiello-riordan@cba.ca.gov, or send a written request to the CBA Office at 2000 Evergreen Street, Ste. 250, Sacramento, CA 95815. Providing your request is at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.



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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 COMMITTEE ON PROFESSIONAL CONDUCT (CPC)**

**CPC MEETING
 AGENDA
 Thursday, November 21, 2013
 9:00 a.m.**

**Hilton San Jose
 300 Almaden Blvd.
 San Jose, CA 95110
 Telephone: (408) 287-2100
 Fax: (408) 947-4489**

	<u>CBA Item #</u>
Roll Call and Call to Order (Michael Savoy, Chair).	
I. Approve Minutes of the March 21, 2013 CPC Meeting	VIII.B.
II. Discussion on Accepting Academia as Qualifying Experience for CPA Licensure.	VII.A.2.
III. Public Comments.*	
IV. Agenda Items for Next Meeting.	
Adjournment	

Action may be taken on any item on the agenda. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CPC 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 CPC prior to the CPC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CPC. Individuals may appear before the CPC to discuss items not on the agenda; however, the CPC can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)

CBA members who are not members of the CPC may be attending the meeting. However, if a majority of members of the full board are present at the CPC meeting, members who are not members CPC may attend the meeting only as observers.



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

**CBA MEETING
AGENDA**

**November 21, 2013
10:00 a.m. – 4:00 p.m.**

**November 22, 2013
9:00 a.m. – 1:00 p.m.**

**Hilton San Jose
300 Almaden Blvd.
San Jose, CA 95110
Telephone (408) 287-2100
Fax (408) 947-4489**

Important Notice to the Public

All times indicated, other than those identified as "time certain," are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the CBA President. Agenda items scheduled for a particular day may be moved to an earlier day to facilitate the CBA's business.

**Thursday,
November 21, 2013.
10:00 a.m.**

Roll Call and Call to Order (**Leslie LaManna, President**).

- I. Report of the President (**Leslie LaManna**).
 - A. Presentation from NASBA (National Association of State Boards of Accountancy) Regarding Uniform Certified Public Accountant (CPA) Examination.
 - B. 2014 CBA Member Committee Interest Survey.
 - C. Report on the Role of CBA Committee Liaisons.
 - D. Resolution for Retiring CBA Member Michelle Brough.
 - E. Resolution for Retiring Enforcement Advisory Committee Member James Rider.

- F. Discussion Regarding Lease Options for the California Board of Accountancy's Principal Office Location.
- G. DCA's Director Report.
- II. Report of the Vice President (**Michael Savoy**).
 - A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee (EAC).
 - B. Recommendations for Appointment(s)/Reappointment(s) to and Rotation Off the Qualifications Committee (QC).
 - C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee (PROC).
- III. Report of the Secretary/Treasurer (**K.T. Leung**).
 - A. Discussion of Governor's Budget.
 - B. Fiscal Year 2013–14 First Quarter Financial Statement.
- IV. Report of the Executive Officer (EO) (**Patti Bowers**).
 - A. Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels.
 - B. Update on Staffing.
 - C. Discussion and Possible Action to Establish the Mobility Stakeholder Group (**Matthew Stanley, CBA Staff**).
 - D. Update on the CBA 2013–2015 Strategic Plan (Written Report Only).
 - E. Update on the CBA 2013–2015 Communications and Outreach Plan (Written Report Only).
- Lunch.
- V. Report of the Licensing Chief (**Dominic Franzella**).
 - A. Report on Licensing Division Activity.
- VI. Report of the Enforcement Chief (**Rafael Ixta**).
 - A. Enforcement Activity Report.

12:00 p.m. –
1:30 p.m.

VII. Committee and Task Force Reports.

A. Committee on Professional Conduct (CPC).

1. Report of the November 21, 2013 CPC Meeting.
2. Discussion on Accepting Academia as Qualifying Experience for CPA Licensure.

B. Peer Review Oversight Committee (PROC) (**Nancy Corrigan, Chair**).

1. Report of the November 1, 2013 PROC Meeting.

C. Enforcement Advisory Committee (EAC) (**Cheryl Gerhardt, Chair**).

1. Report of the October 24, 2013 EAC Meeting.

D. Qualifications Committee (QC) (**Maurice Eckley, Chair**).

1. Report of the October 23, 2013 QC Meeting.
2. Approval of 2014 QC Meeting Dates.

VIII. Acceptance of Minutes.

A. Draft Minutes of the September 26-27, 2013 CBA Meeting.

B. Minutes of the March 21, 2013 CPC Meeting.

C. Minutes of the July 31, 2013 QC Meeting.

D. Minutes of the July 11, 2013 EAC Meeting.

E. Minutes of the August 23, 2013 PROC Meeting.

IX. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force (**Patti Bowers**).

b. Board Relevance & Effectiveness Committee
(Marshal Oldman).

X. Officer Elections **(Leslie LaManna).**

A. Secretary/Treasurer.

B. Vice President.

C. President.

XI. 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 and Proposed Decisions.)

XII. NASBA Overview of Firm Mobility Exposure Draft.

XIII. Presentation from CAMICO Insurance Representatives Regarding Leading Causes of Claims Against CPAs.

XIV. Closing Business.

A. Public Comments.*

B. Agenda Items for Future CBA Meetings.

C. Press Release Focus **(Deanne Pearce).**

XV. Petition Hearings.

A. Michelle Vu Nguyen, Lic. CPA No. 92316–Petition for Reduction of Penalty.

XVI. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Petition for Reduction of Penalty).

Adjournment

Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. While the CBA intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources.

*Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the CBA to discuss

items not on the agenda; however, the CBA can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

Memorandum

CBA Agenda Item I.A.
November 21-22, 2013

To : CBA Members

Date : November 18, 2013

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : cfriordan@cba.ca.gov

From : Corey Riordan
Board Relations Analyst

Subject : Guest Speaker Patricia Hartman, National Association of State Boards of Accountancy (NASBA), Michael Decker, American Institute of CPAs (AICPA), and Kimberly Farace, Prometric

At the invitation of President LaManna, Patricia Hartman, Michael Decker and Kimberly Farace will present information to the CBA regarding the Uniform Certified Public Accountant Examination (CPA Exam). The presentation will provide an update on the CPA Exam including the roles and responsibilities of the NASBA, AICPA, and Prometric (NAP) partnership.

Attachment

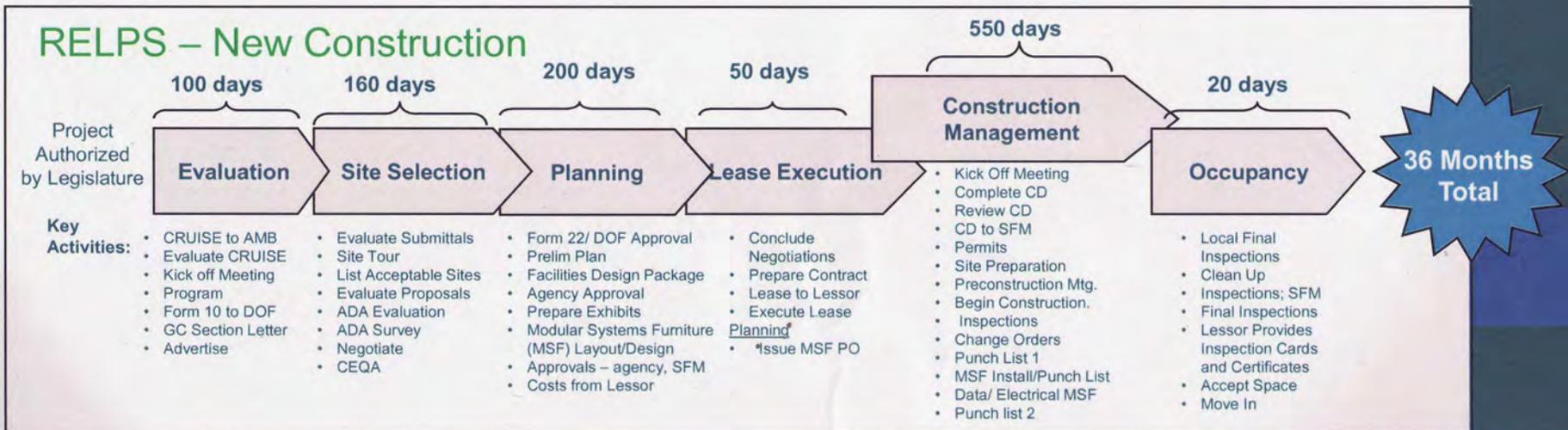
Timeline



RELPS - Lease Renewal



RELPS – New Construction



CPA Examination Update

Michael A. Decker, AICPA

Kimberly A. Farace, Prometric

Patricia L. Hartman, NASBA

The NAP Partnership

Partner Role and Responsibilities

NASBA's Role

- Maintains the Gateway system which serves as a clearinghouse for all CPA candidates.
- Generates NTSs for candidates and send ATT to Prometric.
- Processes attendance and scores.

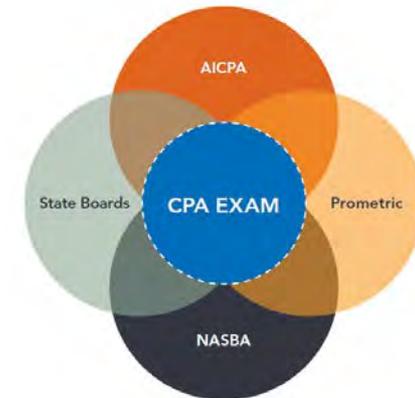
Prometric's Role

- Schedules appointments to test.
- Processes and distributes the AICPA created Exam content and supporting software to test centers.
- Delivers of the Exam to candidates through the global network of test centers.
- Ensures Exam security at the point of Delivery.
- Communicates results to AICPA and event specific information to NASBA.

AICPA's Role

- Creates and monitors the items for the Exam according to Board of Examiners (BOE) policies.
- Manages the test development, production, and publication of the Exam.
- Scores the Exam using psychometric standards and research.

The CPA Exam is a Collaborative Effort



NAP (NASBA, AICPA, and Prometric)

- **Close collaboration on a daily basis.**

- **Multiple NAP teams and workgroups that meet on a regular basis including:**
 - Contract Steering Group (CSG)
 - International Implementation Committee (IIC)
 - CBT Managers
 - Ops Group
 - Front Line Group (Technology Teams)
 - Security Team
 - Business Continuity Team
 - Communication Team
 - Documents Team

CPRs

Definition: Communication vehicle for Test Centers throughout the world to send information to Corporate Headquarters.

Two Types of CPRs

■ **Candidate Specific**

- Examples: Exam issue, Candidate arrived late, etc.

■ **Center Specific (inferred)**

- Examples: TCA needs a new password, noise outside the Test Center, TCA installed new software as directed, power outage, fire alarm, etc.

■ **On average, over 80% of CPRs are center specific and are not candidate specific.**

NASBA receives copies of all Candidate Specific CPRs for the CPA Program and all Center Specific CPRs regardless of the topic.

What Happens if a Candidate does have a Problem?

- Candidates are encouraged to report any concerns/comments/questions about their examination to NASBA Candidate Care.
- All candidates are advised in information for applicants and in the Candidate Information Bulletin to report any concerns/comments/questions directly to NASBA.
- All candidates are given a print-out at the end of their exam that details the contact information to address any issues or concerns about their examination.
- NASBA carefully reviews and investigates all reported concerns. If appropriate, NASBA escalates concerns to the Operational Group “Ops Group”.
- The “Ops Group”, a workgroup made up of staff of Prometric, NASBA and the AICPA work together to review all issues and, based on clearly documented decision making policies, decides the best resolution for the candidate.

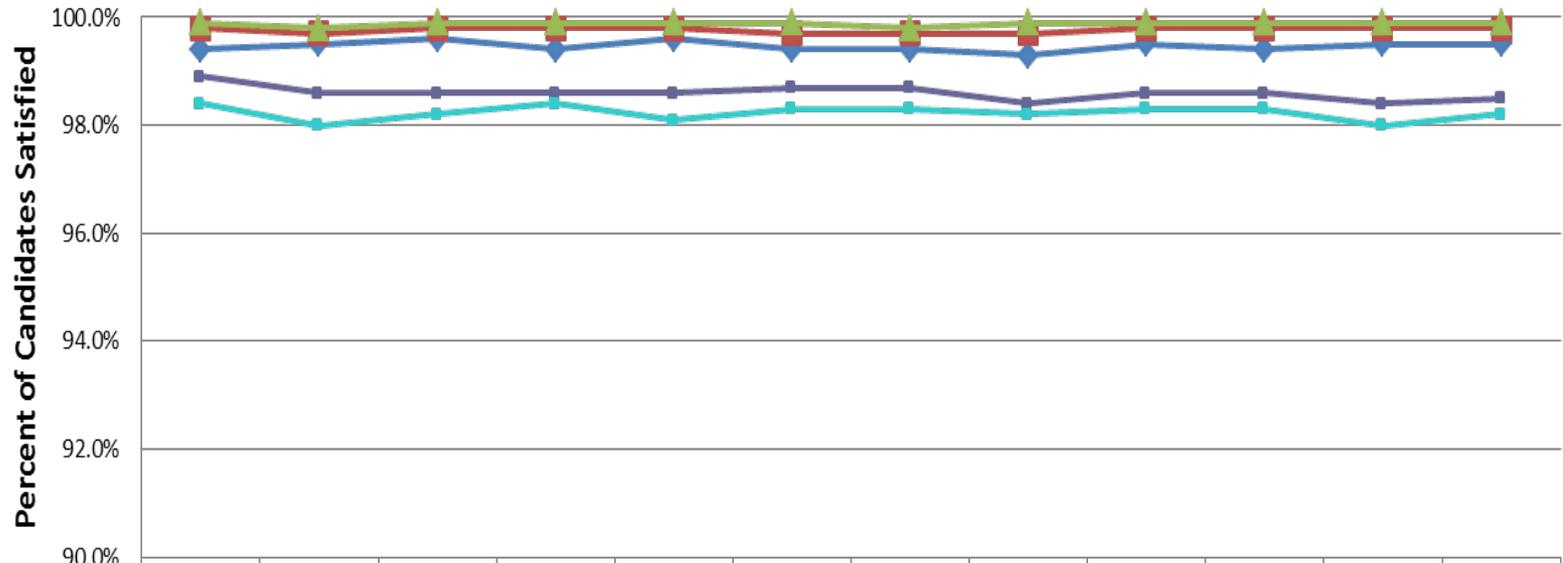
Exam Volumes and Trends

California Performance 2013 YTD

Candidates	12,339
Sections	328,881
First Time	9,465
Re-Exam	23,416

Survey Results: Candidate Satisfaction

Domestic Survey Results



	Apr-12	May-12	Jul-12	Aug-12	Oct-12	Nov-12	13-Jan	13-Feb	13-Apr	13-May	13-Jul	13-Aug
Identification	99.4%	99.5%	99.6%	99.4%	99.6%	99.4%	99.4%	99.3%	99.5%	99.4%	99.5%	99.5%
Sign In	99.8%	99.7%	99.8%	99.8%	99.8%	99.7%	99.7%	99.7%	99.8%	99.8%	99.8%	99.8%
Personal Items	99.9%	99.8%	99.9%	99.9%	99.9%	99.9%	99.8%	99.9%	99.9%	99.9%	99.9%	99.9%
Customer Service	98.9%	98.6%	98.6%	98.6%	98.6%	98.7%	98.7%	98.4%	98.6%	98.6%	98.4%	98.5%
Overall	98.4%	98.0%	98.2%	98.4%	98.1%	98.3%	98.3%	98.2%	98.3%	98.3%	98.0%	98.2%

Defined Program Health Indicators - Global Awarded Retests by Impact

Window	Critical	Major	Moderate	Grand Total	% of Volume Not Having to Retest
08Q1		43	24	67	99.85%
08Q2		57	17	74	99.86%
08Q3		77	31	108	99.83%
08Q4		67	8	75	99.89%
09Q1		43	15	58	99.89%
09Q2		67	25	92	99.84%
09Q3		39	7	46	99.93%
09Q4		79	18	97	99.86%
10Q1		41	4	45	99.91%
10Q2		16	5	21	99.96%
10Q3		20	7	27	99.97%
10Q4		37	23	60	99.94%
11Q1		46	17	63	99.86%
11Q2		77	5	82	99.85%
11Q3		85	7	92	99.87%
11Q4		161	4	165	99.75%
12Q1		43	4	47	99.91%
12Q2		144	5	149	99.74%
12Q3		56	9	65	99.91%
12Q4		54	12	66	99.90%
13Q1		53	4	57	99.88%
13Q2		15	2	17	99.97%
13Q3		34	2	36	99.95%
Grand Total	-	1,305	251	1,556	99.88%

Candidate Impact due to Retests

Moderate: Candidate's exam will not launch. Different day FAIR.

Major: Candidate started testing. Issue occurred preventing event from continuation or created a potentially unfair testing experience. Candidate retests. May or may not have completed event.

Critical: Candidate completed event without incident. Candidate is contacted and told they must retest.

Total percent of candidates that arrived at the test center and did not have to retest on a later date.

• Retests only and excludes Candidate Error and Force Majeure

CPA Exam Pass Rates (%)

	2005	2006	2007	2008	2009	2010	2011*	2012*	2013**
AUD	43.62	44.01	47.57	49.10	49.79	47.80	45.55	46.89	46.91
BEC	44.16	43.81	46.56	47.49	48.34	47.29	46.90	52.83	54.81
FAR	43.11	44.54	48.15	49.21	48.45	47.81	45.65	47.97	48.15
REG	40.61	42.33	47.03	48.74	49.81	50.66	44.11	48.15	48.77

*Both domestic and international pass rates included. (11Q3 - 13Q2)

**2013 Q1 and Q2 pass rates included only.

Test Center Updates

Prometric

- **Wholly-owned subsidiary of Educational Testing Service (ETS)**
- **Computer-based testing industry leader since early 1990's**
- **Prometric today . . .**
 - 450 clients around the world, including
 - Administers exams in
 - ~ 5,700 testing locations worldwide – 4,000 IT sites
 - ~ 179 countries
 - 26 languages
 - ~ 2,500 employees
 - Over 10,000 exams delivered daily, >10,000,000 annually
 - Full range of test development and psychometrics services

Global Operations



-  Regional Support Center
-  Corporate Headquarters - Baltimore
-  Regional Headquarters – London & Kuala Lumpur
-  Testing Centers - over 5,000 APTC's on six continents!

Test Center Environment

Candidates take their exams in a professional environment with individual work areas.



Prometric Test Centers – Domestic & International

Baltimore, MD



Tokyo, Japan



Beirut, Lebanon

Test Center Security

Prometric Test Centers leverage carefully designed floor plans, strict identification procedures, and state-of-the-art technology to ensure the security of the CPA Exam.



Large viewing windows allow the Proctors clear view of the testing room.

Strict identification policies include ID verification and physical sign-ins.

Candidate Identity Management System allows for additional identification verification.

Test Center Security (cont.)

Multiplexers at every proctor station allows for clear visual monitoring of every candidate.

Electronic monitoring is coupled with a walk through by proctors every 8 to 10 minutes.



Test Center Security Highlights

■ DVRs in all centers that deliver the CPA exam.

- Provide high resolution color video, archived to hard drive of DVR..
- Cameras & microphones in Candidate areas.
- Video/audio evidence burned to CD instead of VHS tape.
- Prometric HQ & Channel Managers have remove viewing capability.



■ Hand-held metal detector wands.

- Launched July 1, 2011 in the United States and December 1, 2011 at the International locations.

■ Pockets-Out

- All Candidates must demonstrate that their pockets are empty by turning them out for TCA to see.



Testing Accommodation Enhancements

Prometric is 508 Compliant!

- Self-Scheduling for extra time accommodations. **Live**
- New Accommodation Codes. **Live**
- On-line notifications to test center. **Live**
- Tool Kits at every center. **2014**
- Enhanced break and extra time capabilities. **2014**
- Exploring ways to create reduced distraction testing areas. **2014**

Center Not able to Test (CNATT)



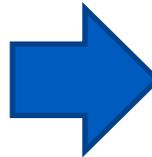
- **In the event a center is not able to deliver exams a CNATT is issued.**
 - Advanced notice CNATTs are issued for relocations and upgrades.
 - Short notice CNATTs are issued due to extreme weather or unforeseen technical Issues.
- **To initiate a CNATT, the center or a District Manager will contact the Global Helpdesk.**
- **The Helpdesk will pull the roster for the Contact Center team and will close the scheduler.**
- **The Contact Center will send an email and/or vmail to all impacted candidates.**
- **The Contact Center will then cancel the appointments and contact the candidates to reschedule.**

Demand Forecasting and Analysis

Prometric has a dedicated capacity analysis team that works closely with Account teams to model capacity trends and ensure volume requirements are met. Analysts use historical data, market trends & real-time booking data to determine future capacity requirements.

Methodology:

- Annual Forecast Review
 - Demand by market & client
- Monthly Strategic Review
 - Review tracking to forecast
 - Burst testing requirements
 - Review trend analysis
 - New Business Analysis
- Weekly Operational Review
 - Identification of short-term constrained markets



Outcomes:

- Capacity Optimization
 - Required test centre hours
 - Action lists for Field Operations
- Network Expansion
 - New or existing markets
 - Permanent or temporary solutions

Global Channel Upgrade

What is the AP&C Channel Upgrade?

Prometric periodically improves the quality and performance of the testing centers with advances in Operating Systems and software.

This is the most significant such upgrade in several years.

- Enhances the performance of the servers and testing workstations.
- Keeps global infrastructure current with ongoing test delivery/publishing demands.

Global Channel Upgrade (cont.)

Servers

- Deployment of new, more robust, servers to all test centers. Implementation of Windows Server 2008.

Administrator's Workstations

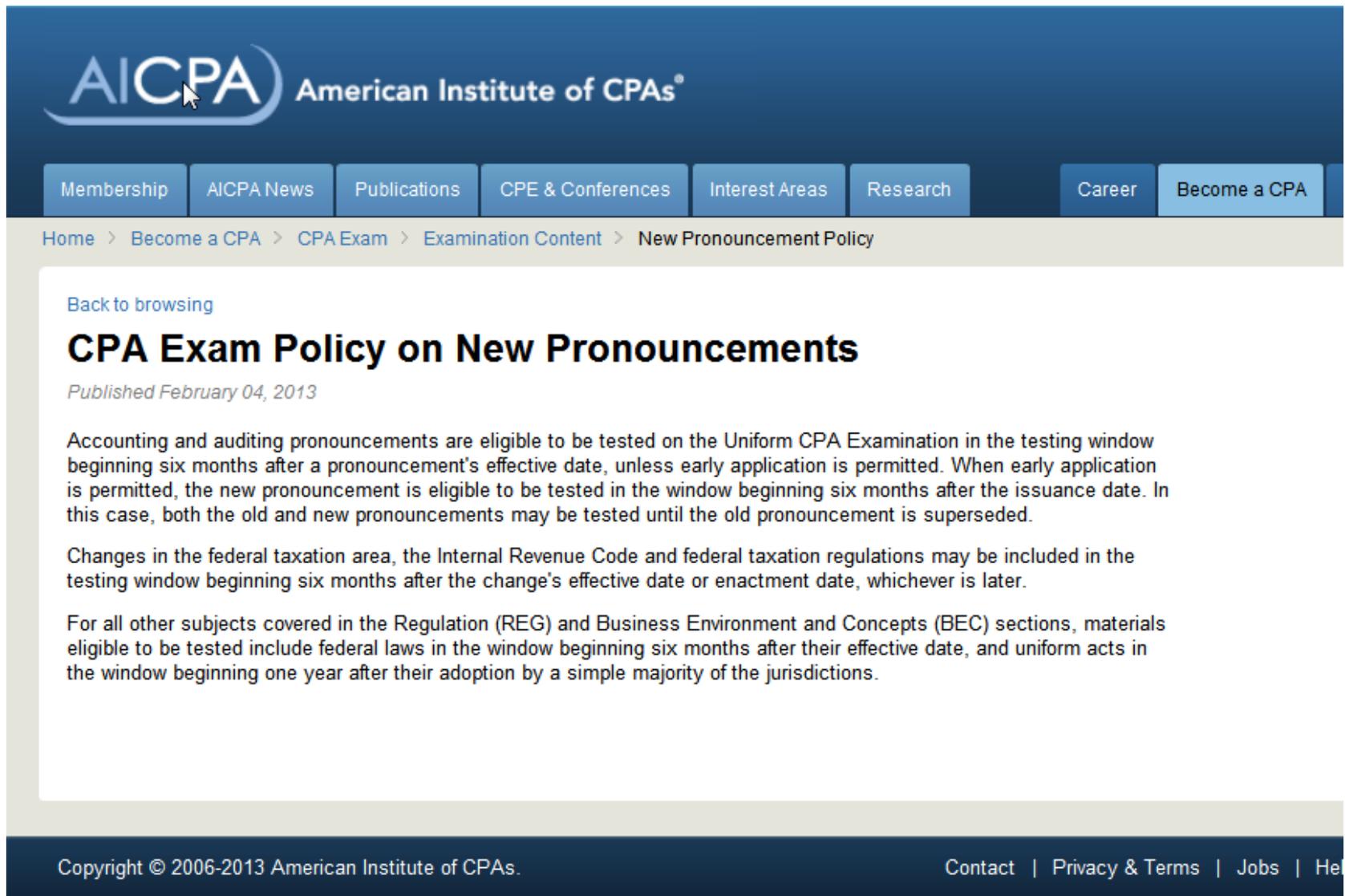
- Implementation of Windows 7.

Testing Workstations

- Implementation of Windows 7.
- Hardware upgrade to 3,700 testing workstations.

Content Update

Policy on New Pronouncements



The screenshot shows the AICPA website's navigation menu with options like Membership, AICPA News, Publications, CPE & Conferences, Interest Areas, Research, Career, and Become a CPA. The breadcrumb trail reads: Home > Become a CPA > CPA Exam > Examination Content > New Pronouncement Policy. The main heading is 'CPA Exam Policy on New Pronouncements', published on February 04, 2013. The text explains that accounting and auditing pronouncements are eligible for testing on the Uniform CPA Examination within a six-month window after their effective date, unless early application is permitted. It also notes that changes in federal taxation may be included in the testing window. For other subjects, materials are eligible for testing within a six-month window for federal laws and a one-year window for uniform acts.

AICPA American Institute of CPAs®

Membership | AICPA News | Publications | CPE & Conferences | Interest Areas | Research | Career | Become a CPA

Home > Become a CPA > CPA Exam > Examination Content > New Pronouncement Policy

[Back to browsing](#)

CPA Exam Policy on New Pronouncements

Published February 04, 2013

Accounting and auditing pronouncements are eligible to be tested on the Uniform CPA Examination in the testing window beginning six months after a pronouncement's effective date, unless early application is permitted. When early application is permitted, the new pronouncement is eligible to be tested in the window beginning six months after the issuance date. In this case, both the old and new pronouncements may be tested until the old pronouncement is superseded.

Changes in the federal taxation area, the Internal Revenue Code and federal taxation regulations may be included in the testing window beginning six months after the change's effective date or enactment date, whichever is later.

For all other subjects covered in the Regulation (REG) and Business Environment and Concepts (BEC) sections, materials eligible to be tested include federal laws in the window beginning six months after their effective date, and uniform acts in the window beginning one year after their adoption by a simple majority of the jurisdictions.

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Emerging Standards and Professional Developments

■ In the AUD section:

- ASB – Auditing
- ASB – Attestation
- ARSC – Compilation/Review
- PEEC – Ethics
- PCAOB
- GAO – GAGAS
- OMB – Circular A-133

■ In the REG section:

- American Taxpayer Relief Act (2012 Taxpayer Relief Act)
- PPACA – Health Care Act
- Treasury Circular 230
- Uniform Commercial Code – Article 9

■ In the FAR section:

- Revenue Recognition
- Leases
- Financial Instruments
- Private Company Council
- Financial Reporting Framework for Small- and Medium-Sized Entities
- GASB (Statements 67- 70)

■ In the BEC section

- COSO Internal Control Framework update 5/2013
- Dodd-Frank

Emerging Standards and Professional Developments: Auditing and Attestation (AUD)

- **ASB** – *Clarified Auditing Standards*
- **ASB** – *Clarified Attestation Standards*
- **ARSC** – *Clarified Compilation and Review Standards*
- **PEEC** – *Ethics Codification*
- **PCAOB** – *Auditing Standard No. 16*
- **PCAOB** – *Concept Releases & Proposed Standards*
- **GAO** – *GAGAS (2011 Yellow Book)*
- **OMB** – *Circular A-133*

AUD – The Profession (AICPA)

■ **ASB Clarified Auditing Standards** – redraft to clarify U.S. Auditing Standards is substantially complete.

- *One standard remains to be clarified – Using the Work of Internal Auditors. This standard was exposed in April 2013, with comments due by July 15, 2013.*
- *All other clarified auditing standards have been issued and are effective for audits of financial statements for periods ending on or after December 15, 2012.*
- *The issued, clarified auditing standards are eligible for testing on the exam beginning in 13Q3.*

Eligible for testing – 13Q3

AUD – The Profession (PCAOB)

- **Auditing Standard No. 16, Communications with Audit Committees** – designed to help external auditors communicate effectively with audit committees during issuer audits.
 - *Approved by the PCAOB in August 2012.*
 - *Approved by the SEC in December 2012.*
 - *Effective for audits of financial statements with fiscal years beginning on or after December 15, 2012.*

Eligible for testing – 13Q3

AUD – The Profession (GAO)

■ **2011 Revision to Government Auditing Standards** *(Yellow Book).*

- *Revision of 2007 standards to modernize standards and include a conceptual framework for independence.*
- *Issued during the last half of 2011.*
- *Effective for financial audits and attestation engagements for periods ending on or after December 15, 2012, and for performance audits beginning on or after December 11, 2011.*

Eligible for testing – 13Q3

REG – The Profession (2012 Relief Act)

■ American Taxpayer Relief Act (2012 Taxpayer Relief Act – Enacted 1/2/13)

- Retroactive Changes
- Modifications
- Reinstatement of Provisions
- Tax Rates

Eligible for testing 13Q4

REG – The Profession (PPACA)

■ Patient Protection and Affordable Care Act (PPACA – Enacted March 23, 2010)

- Modification of Medical Expense Threshold
 - Tax years beginning after 12/31/12 - **Eligible 13Q3**
- Surtax on Unearned Income
 - Tax years beginning after 12/31/12- **Eligible 13Q3**
- Penalties – Universal Health Coverage Mandate
 - Law: for tax years beginning after 12/31/13
 - **Implementation postponed - now for tax years beginning after 12/31/14; Eligible for testing 15Q3**

REG – The Profession (UCC Article 9)

- **Uniform Commercial Code UCC – Article 9 (July 1, 2013)**
 - Change to definition of public records – UCC 9-102.
 - Clarification to rules relating to Control of Electronic Chattel paper- UCC 9-105.
 - Change to location of debtor provision – UCC 9-307.
 - Continued perfection of security interest following change of governing law – UCC 9-316(h).

Eligible for testing 14Q2.

Uniform CPA Examination Practice Analysis

Purpose of the CPA Exam

- **To assess important knowledge and skills required for entry-level CPAs for the protection of the public interest**
- **Criteria for determining knowledge/skills included on CPA Exam:**
 - Relevance to work of entry-level CPAs
 - Importance to work of entry-level CPAs
 - Frequency of use by entry-level CPAs
- **Periodically assess entry-level work to determine whether the Exam needs to change to match entry-level practice**
 - There is evidence that change is needed

What is a Practice Analysis?

- **A project designed to**
 - Document the scope of entry-level practice
 - Identify how entry-level practice is changing
 - Provide data to define the structure of the CPA Exam and the content and skills that will be tested
 - Serve as the foundation of the validity and legal defensibility of the Exam
 - Allow the Exam to remain current as changes in the profession and measurement occur

- **Conducting the practice analysis and setting the passing score are the two most important responsibilities of the BOE**
 - NASBA and AICPA work closely together on both when they occur

- **The practice analysis consists of six phases.**

Phases of the Practice Analysis

1. Practice Analysis Exploration

- ❖ Interviews, focus groups, and other activities
 - ✓ Understand activities performed by entry-level CPAs
 - ✓ Identify skills required to perform the activities
 - ✓ Learn which skills are increasing and decreasing in importance
 - ✓ Provide data to define the subset of skills to be tested



2. Practice Analysis Confirmation

- ❖ Survey supervisors to verify the findings from Exploration
- ❖ Leveraging NASBA's ALD when possible

Phases of the Practice Analysis

3. Design New CPA Examination

- ❖ What assertions will be made?
 - ✓ Currently four assertions:
- ❖ Length
 - ✓ Currently 14 Hours
- ❖ Test Specifications
 - ✓ Content: Area, Group, Topic
 - ✓ Skills: Knowledge, Understanding, Application of the Body of Knowledge
- ❖ Psychometric Model
 - ✓ Multi-Stage Adaptive Testing (Testlets)
- ❖ Consider Constraints
 - ✓ Legislative or rules changes
 - ✓ Price



Phases of the Practice Analysis

4. Exposure of proposed changes

- ❖ Develop Exposure Draft and invite comments

5. Finalize design of revised CPA Exam

- ❖ Evaluate comments and revise design as needed

6. Announce new exam – CBT-3

- ❖ Structure
- ❖ Length
- ❖ Test Specifications
 - ❖ (knowledge and skills to be tested)
- ❖ Psychometric Model



Practice Analysis PROJECT PLANNING

2014

- Exploration
- Interviews / focus groups

2016

- Approve Test Specifications
- Approve Test Design
- Exposure
- Finalize Design



2013

- Start Practice Analysis
- BOE Sponsor Group Selected

2015

- Confirmation
- Administer Survey to CPAs

2017

- Announce New Exam

Practice Analysis - Staff Project Team

■ Executive Sponsors

- Craig Mills, AICPA
- Michael Decker, AICPA
- Ed Barnicott, NASBA

■ Business Owner

- Joe Maslott, CPA, CGMA

■ Project Manager

- Joanne Lindstrom, PMP

■ Team Members

- CPAs
- Psychometricians
- Communications professionals (NASBA and AICPA)



BOE Governance

■ BOE Sponsor Group

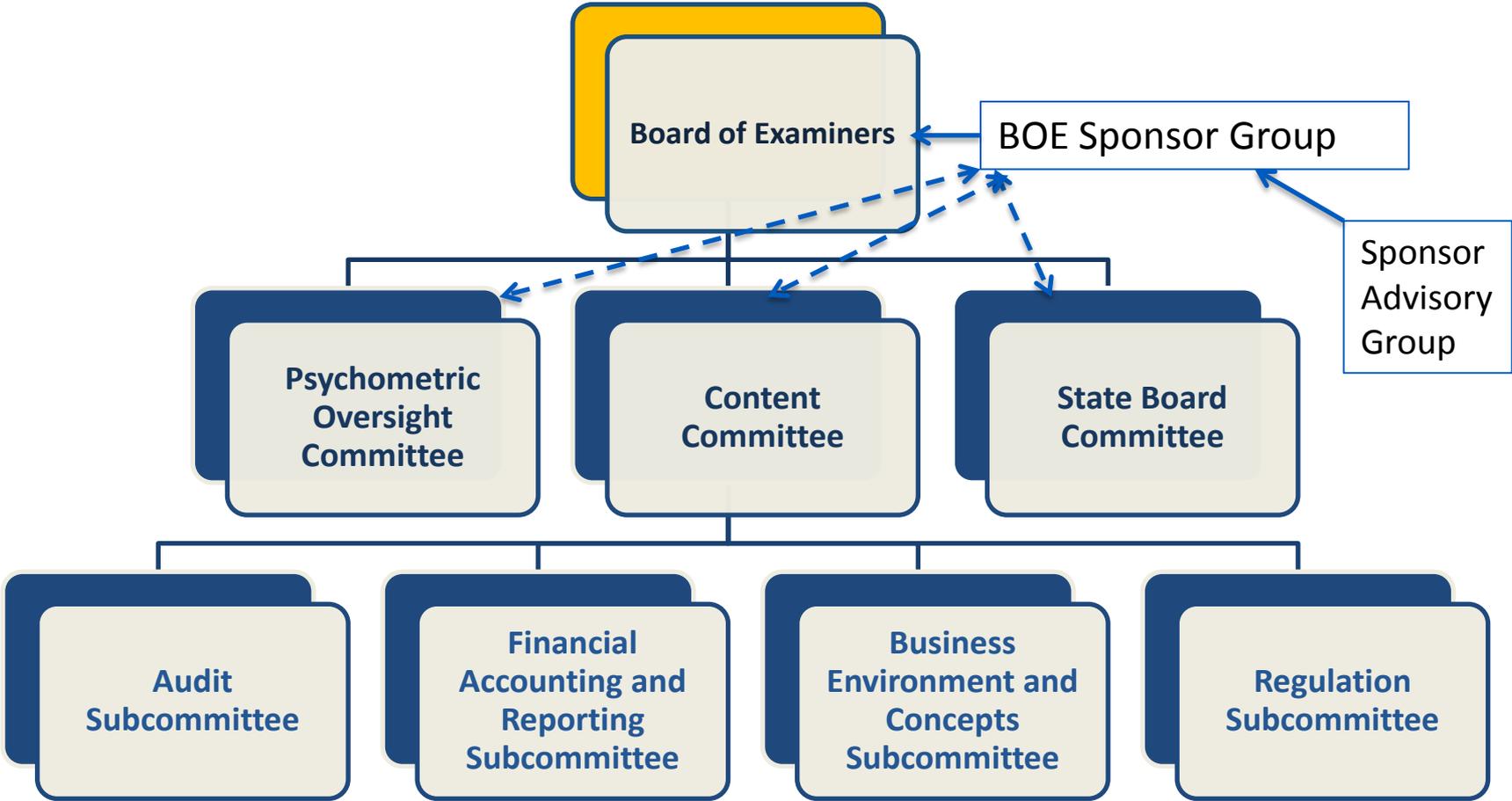
- Rick Niswander, CPA (BOE Chair)
- **Wendy Perez, CPA (BOE Past Chair)**
- **Mari DeVries, CPA (Content Chair)**
- Jacqueline Leighton, Ph.D. (Psychometric Oversight Committee)
- Amy Sutherland, CPA (Content Committee)
- **Jimmy Corley, CPA (State Board Committee)**

■ Sponsor Advisory Group

- 10-12 Members
- Representing Key Stakeholders such as
 - **NASBA**
 - **State Boards**
 - National Regulators
 - Educators
 - Public Firms
 - Business and Industry



BOE and the Practice Analysis



State Boards and the Practice Analysis

Additional State Board Involvement Opportunities

- Provide feedback at NASBA meetings
- Participate in focus groups during 2014
 - Executive Directors Conference
 - Regional Meetings
- Respond to Invitations to Comment and Exposure Draft
- Approve use of ALD to ensure representative survey sample
- Provide input to BOE State Board Committee and NASBA CBT Examination Administration Committee
- Encourage eligible licensees to participate in survey
- Educate licensees and candidates

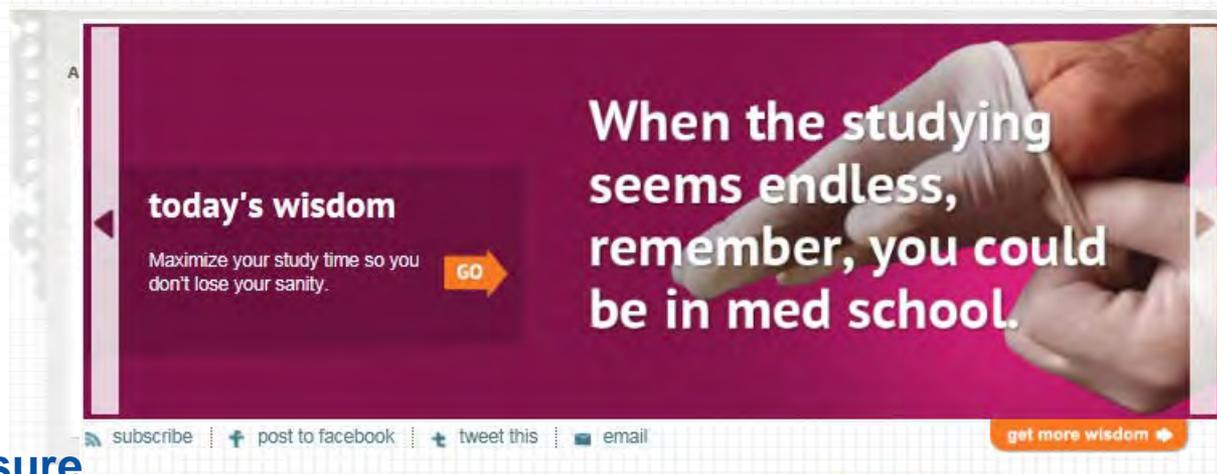
Communications

Resources for Candidates

- **CSO update effective January 1, 2013 and 2014**
- **Summaries of Changes to 2013 and 2014 CSOs**
 - Available online (www.aicpa.org/cpa-exam)
- **Quarterly Score Release Timeline Updates**
 - AICPA Insights Blog and AICPA.org
- **CPA Exam Alert e-newsletter**
- **ThisWayToCPA.com and CPA Exam Aid**
- **CPA Exam booklet – print and e-book versions**
- **Social media properties**
- **CPA Exam Candidate Affiliate membership with AICPA**
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Site Features

- Daily Wisdom
- The Profession
- Education
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- Exam & Licensure
- Community



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CPA

State Requirements

States & Territories	Citizenship Requirement	Residency Requirement	Social Security # Requirement	Participates in International Programs
Alabama	Yes	No	Yes	No
Alaska	No	No	Yes	Yes
Arizona	No	No	Yes	Yes
Arkansas	No	No	Yes	Yes
California	No	No	No	No
Colorado	No	No	Yes	Yes
Connecticut	No	No	Yes	Yes
Delaware	No	No	Yes	No
<u>District of Columbia</u>	No	Yes	Yes	Yes
Florida	No	No	Yes	Yes
Georgia	No	No	Yes	Yes
Guam	No	No	No	No

THIS WAY

CPA

The Profession

Education

Career Tools

Exam & Licensure

Articles

Blogs

Forums

State Requirements

Exam Prep Course Reviews

CPA Exam Aid

Mobile App

Exam Diary

Community

Join AICPA

Accounting Competition

State & Territory Requirements

Home / Exam & Licensure / State Requirements / South Dakota

South Dakota

Exam & Licensure

Colleges

Requirements

last updated 8/15/2011

Age Requirement:	None
Citizenship Requirement:	No
Residency Requirement:	No
Social Security Number Requirement:	Optional
Education Requirement for Licensure	150 hours (including B.A.)
Participates in International Examination Program	No
Hours in accounting:	24 semester hours or equivalent quarter hours in undergraduate or graduate accounting (including elementary principles of accounting and 1 course each in intermediate or advanced accounting, auditing, taxation and cost accounting)
Exam sitting requirements:	Must be within 100 days of completing education requirement

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South Dakota CPA Society 
 Laura Coome
 805-334-3848
 1000 N. West Avenue, #100
 PO Box 2080
 Sioux Falls, SD
 57101-1798

Email:
 lcoome@iw.net

& by the way

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CPA Exam Diaries

Wondering what it's like to take the exam? Even better, wondering what it's like to take the exam and totally rock planning for the thing? Wonder no longer. These folks have done just that. And they're happy to tell you how.

They came. They studied. They conquered.

And took notes for your benefit.



Gabriel Vaughan



Senior Accountant
FelCor Lodging Trust, Inc
Original Exam Goal:
To Pass

Marissa Hoffman



Audit Associate
KPMG
Favorite Place to Study: On a Boat

Anne Boudreau



Audit Associate
Grant Thornton LLP
Eats Dessert First

Brad Schultz



Auditor
Ernst & Young
Advice to Test-Takers:
Don't freak out

Leslie Rezgl



Financial Reporting Manager
The Spectranetics Corporation
Exam Advice: Get enough sleep!

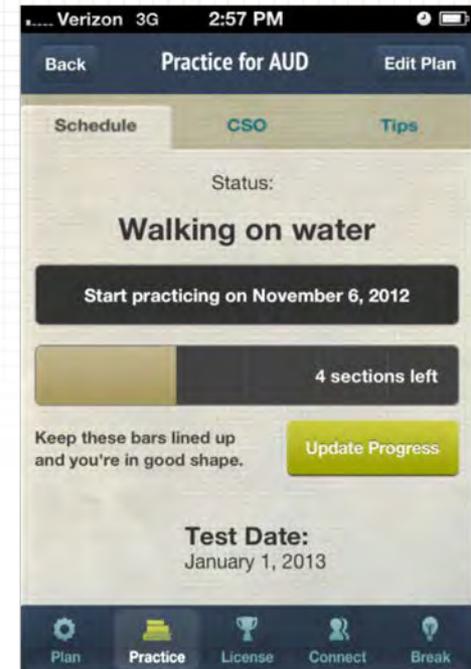
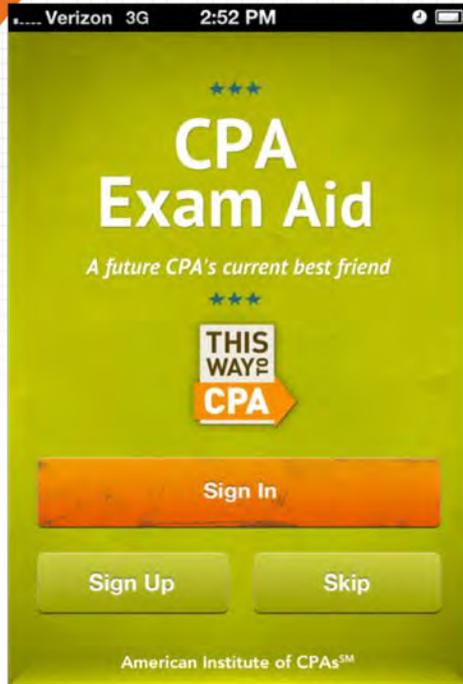
Steve Alden



Consultant
Bain & Company
First-Exam Freakouts:
1

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CPA Exam Aid (mobile app)



CPA Exam Booklet



Uniform CPA Examination Alert



Alert

SPRING 2013

IN THIS ISSUE

- 1 Keeping the CPA Exam Current
- 2 Changes to the Profession, Changes to Exam Content
- 4 When do I get my score? All about score release and the Uniform CPA Examination
- 5 The Value of the U.S. CPA Credential
- 7 Volunteer Spotlights: Behind the Scenes of the Uniform CPA Examination



The Uniform
CPA Examination

Questions?

NASBA

AICPA



The Uniform
CPA Examination





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CBA Item I.B.
November 21-22, 2013

2014 CBA Member Committee Interest Survey

Presented by: Corey Riordan, Board Relations Analyst

Date: October 14, 2013

Purpose of the Item

The purpose of this agenda item is to seek California Board of Accountancy (CBA) member interest in serving on, or as a liaison to, a CBA committee in 2014.

Action(s) Needed

It is requested that CBA members who wish to be appointed or maintain current appointment to a committee, indicate such interest on the CBA Member Committee Interest Survey (**Attachment 1**), and submit it to Board Relations Analyst Corey Riordan by Friday, December 6, 2013.

Background

Annually, shortly following the officer elections in November, the incoming CBA President reviews the results of the surveys and determines CBA committee appointments as necessary. Appointments to the CBA committees are effective the first day of January, the following year.

Comments

The CBA has the following statutorily mandated committees, which require a CBA member to serve in a liaison capacity:

- Qualifications Committee
- Enforcement Advisory Committee

The CBA has the following standing committees, which meet regularly in conjunction with CBA meetings, and requires CBA member participation in order to carry out its function:

- Committee on Professional Conduct (CPC)
- Enforcement Program Oversight Committee (EPOC)
- Legislative Committee (LC)
- Strategic Planning Committee (*typically only used during Strategic Plan Development*)

2014 CBA Member Committee Interest Survey

Page 2 of 2

The intent of both the statutorily mandated committees and standing committees is to serve in an advisory capacity to the CBA. Further detailed information regarding the CBA committees is included as **Attachment 2**.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachments

1. CBA Member Committee Interest Survey
2. CBA Member Guidelines and Procedures Manual



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Attachment 1

CBA Member Committee Interest Survey

I, _____, would like to participate in the following committees for the upcoming year.

___ Committee on Professional Conduct (CPC)

The purpose of the CPC is 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 relating to emerging and unresolved issues.
- Reviewing selected exposure drafts and developing recommendations to present to the CBA.

___ Enforcement Program Oversight Committee (EPOC)

The purpose of the EOPC is to assist the CBA in the consideration of issues relating to professional conduct by:

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

___ Legislative Committee (LC)

The purpose of the LC is 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.

___ Liaison to the Enforcement Advisory Committee (EAC)

___ Liaison to the Qualifications Committee (QC)

CBA members acting as Liaisons to committees are responsible for keeping the CBA informed regarding emerging issues and policy recommendations made at the committee level. Conversely, Liaisons keep the committee informed of CBA policies and assignments. Liaisons additionally will evaluate committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report to the CBA President and Vice-President as required.

___ I would be interested in serving on other ad hoc committees or task forces as needed.

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 or dissolved at the CBA's discretion.

Each standing 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 standing committee meetings, but are not a part of the committee, may do so. However, pursuant to the Bagley-Keene Open Meetings 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.

Each year at the November CBA meeting, the President shall inform CBA members that if they wish to participate on a committee for the following 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.

Each statutory committee shall have a Chairperson and Vice Chairperson. Recommendations for each are made by the CBA Vice President and approved by the CBA. The Chairperson is tasked with running the committee meeting, open and closing the meeting, and counting the votes. The Chair is also responsible for coordinating with staff the creation of the minutes for approval by the committee and CBA. The Vice Chairperson assists the Chairperson, when necessary, and assumes the Chairperson's functions in his or her absence.

Statutory committees are advisory in nature and are not policy setting committees. Prior to any statutory committee discussing or taking action on a policy related issue, the Chairperson, Vice Chairperson, or other designee should present the issue before the CBA for input and direction.

A. STATUTORY COMMITTEES (Ref. Business & Professions Code §§ 5020, 5023, and 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.
- Reviewing open investigations upon request by Enforcement staff and providing technical assistance.
- Reviewing closed investigations and reporting its findings and recommendations to the CBA or upon direction of the CBA, to the Executive Officer.
- 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:

- Holding meetings as necessary in order to conduct business and report to the CBA regarding the effectiveness of mandatory peer review.
- Ensuring that Board-recognized peer review program providers (Provider) administer peer reviews in accordance with the standards set forth in Title 16, California Code of Regulations Section 48:
 - Conduct an annual administrative site visit.
 - Attend peer review board meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend peer review committee meetings, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Attend meetings conducted for the purposes of accepting peer review reports, as necessary but sufficient to evaluate and assess the effectiveness of the program.
 - Conduct reviews of peer review reports on a sample basis.
 - Attend, on a regular basis, peer reviewer training courses.

- Evaluating any *Application to Become A Board-recognized Peer Review Provider* and recommending approval or denial to the CBA.
- Referring to the CBA any Provider that fails to respond to any request.
- Collecting and analyzing statistical monitoring and reporting data from each Provider on an annual basis.
- Preparing an Annual Report to the CBA regarding the results of its oversight.

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 the Enforcement Program by:

- Reviewing and proposing revisions to the CBA's *Manual of Disciplinary Guidelines and Model Disciplinary Orders*.
- Providing oversight on enforcement goals and objectives.
- Recommending proposed legislative and/or regulatory changes related to the Enforcement Program.
- Performing an internal audit of a closed and finalized enforcement case when specific concerns are raised by the CBA in a final decision, in accordance with established guidelines **(Appendix 6)**.

- Defining the responsibilities of the CBA member liaison to the Enforcement Advisory Committee.

b. Membership.

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

c. Meetings/Minutes

The EPOC generally meets before scheduled CBA meetings as deemed necessary. Meetings to review the CBA's Disciplinary Guidelines shall be held on a tri-annual basis. . 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 LC generally meets before scheduled CBA meetings. The frequency of the meetings is determined by the urgency of the issue(s) at hand and as required by the Chair. Minutes are prepared from the meeting, and presented to the CBA for acceptance.

4. 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.

- Reporting updates to the CBA on a yearly basis, on the progress of the Strategic Plan.
- a. Membership.
 - The SPC may be comprised of up to seven CBA members.
 - c. Meetings/Minutes.
 - 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.
5. 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)**

6. National Committees.

The CBA encourages its members to participate in national committees, including committees of the American Institute of Certified Public Accountants (AICPA) and National Association of State Boards of Accountancy (NASBA). Members are presented with information on committee participation and an interest form each year during the March CBA meeting. **Appendix 7** includes a link to NASBA and AICPA national committees and information on participation.



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CBA Item I.C.
November 21-22, 2013

Report on the Role of CBA Committee Liaisons

Presented by: Leslie LaManna, CPA, President

Date: October 30, 2013

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the role of the CBA Committee Liaisons.

Action(s) Needed

Members will be asked to approve the recommended changes as it relates to the role of the CBA Committee Liaisons.

Background

A concern was raised at the May 2013 CBA meeting regarding the necessity of CBA Liaisons assigned to the Qualifications Committee (QC) and Enforcement Advisory Committee (EAC). Following this meeting I began working with CBA staff to both review the existing role of CBA Committee Liaisons and determine whether any changes should be made.

Comments

There are existing responsibilities identified for CBA Committee Liaisons in the CBA's Guidelines and Procedures Manual, which include the following:

- Keeping the CBA informed regarding emerging issues and recommendations made at the committee or task force level
- Keeping the committee or task force informed of CBA policies and assignments
- Making recommendations to the CBA regarding chair and vice-chair appointments
- Evaluating committee chairs, vice-chairs, and members for whom they have specific knowledge of their performance, and report those evaluations to the President and Vice-President as required

Throughout the review of this process, it was apparent that there was not a mechanism in place to clearly express these existing expectations and roles to the Liaisons.

Report on the Role of the CBA Committee Liaisons

Page 2 of 2

To address this, I would like to direct staff to develop an orientation program for newly appointed Liaisons. The orientation will provide an opportunity for the Liaisons to receive information regarding their role and responsibilities and provide an opportunity for the committee chair and vice-chair to meet with the Liaison, go over the format of the meetings and provide background information regarding past and upcoming topics for discussion. I envision that a small handbook would be developed providing some basic information and a brief orientation meeting scheduled prior to the Liaison's first meeting with the committee.

Additionally, we surveyed committee leadership as well as current and former CBA Committee Liaisons, seeking further input regarding roles and responsibilities. The responses provided additional valuable ideas including:

- Recommend the Northern and Southern California Liaisons communicate between meetings to ensure they are kept abreast of any committee issues. This can be facilitated by the CBA staff liaison to the committee.
- Consider participation in one Investigative Hearing or Applicant/Employer interview annually, to provide the members with a clear understanding of the committees' functions.

The Liaisons are crucial to ensuring the CBA is kept apprised of committee deliberations and ensuring committees are aware of recent policy discussions and assignments made by the CBA. As we move forward, the liaisons will have a more defined role and clear expectation of their responsibilities.

Fiscal/Economic Impact Considerations

None.

Recommendation

I recommend that staff begin implementation of an orientation program for new CBA Committee Liaisons and actively work with the appointed Liaisons and chairs to ensure the Liaison is more actively engaged in providing reports, communicating between committee meetings, and working to facilitate the attendance at one Investigative Hearing or Applicant/Employer interview annually.

Attachments

None.

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, Michelle Brough was appointed by Governor Arnold Schwarzenegger, and she has faithfully served as a member of the California Board of Accountancy from November 24, 2008, through November 26, 2013; and

WHEREAS, she has served as Chair of the Enforcement Program Oversight Committee in 2011, and as a member in 2009, 2010, 2011, and 2012; and

WHEREAS, she has served as Chair of the Legislative Committee in 2010, and as a member in 2009, 2010, 2011, and 2013; and

WHEREAS, throughout her term of service, at all times Michelle Brough, gave fully of herself and her ideas and acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, Michelle Brough, has more than 13 years of professional experience as an Attorney, and she currently serves as Counsel to Brandes Investment Partners; and

WHEREAS, she has served as Senior Advisor to the Assistant Secretary of Financial Institutions for the United States Department of Treasury, Counsel to the United States Senate Committee on Banking, Housing and Urban Affairs, and Planning Commissioner for the City of Dana Point; and

WHEREAS, she serves as Chair of the Finance Committee for Saddleback College Foundation and she has served as Treasurer and member of the Orange County Chapter of the California Women's Leadership Association.

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to Michelle Brough for the outstanding contribution she made during her term of service on the California Board of Accountancy and to the consumers of California.

Leslie J. LaManna, CPA, President

Kitak Leung, CPA, Secretary-Treasurer

Dated: November 21, 2013

Department of Consumer Affairs
California Board of Accountancy



RESOLUTION

WHEREAS, James Rider has faithfully served as a member of the California Board of Accountancy Enforcement Advisory Committee from 2006 through 2013 and as a Vice Chair in 2011 through 2013; and

WHEREAS, throughout his years of service he has given fully of himself and his ideas and has acted forthrightly and conscientiously, always with the public interest and welfare in mind; and

WHEREAS, he has discharged these important responsibilities in a manner reflecting great credit upon himself and the accounting profession; and

WHEREAS, his colleagues wish to express their high esteem and regard.

NOW, THEREFORE, BE IT RESOLVED, that the members of the California Board of Accountancy express heartfelt appreciation to James Rider for the outstanding contribution he made during his years of service on the Enforcement Advisory Committee.

Leslie J. LaManna, CPA, President

Kitak Leung, CPA, Secretary-Treasurer

Dated: November 21, 2013



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CBA Item I.F.
November 21-22, 2013

**Discussion Regarding Lease Options for the
California Board of Accountancy's Principal Office Location**

Presented by: Patti Bowers, Executive Officer

Date: November 13, 2013

Purpose of the Item

The purpose of this agenda item is to provide California Board of Accountancy (CBA) with an update regarding the lease for CBA's primary office location.

Action(s) Needed

The CBA will be asked to provide guidance and input regarding the CBA's office location lease.

Background

The CBA has been at its present location since the mid-1990s. The lease has been renewed, in approximate eight year increments, since that time. Recently, the CBA office location has had some facility and maintenance issues that are impacting whether a lease renewal is in the CBA's best interest.

Comments

On November 7, 2013, I attended a meeting with Leadership from the Department of Consumer Affairs (DCA), where I was notified of its decision that the CBA would need to relocate. Specifically, DCA advised me that entering into the lease process with the building owners at the present location is not in the CBA's or DCA's best interest. DCA Leadership's decision stems from facility and maintenance issues that have occurred over the past few years, but most recently in August when the heating, venting and air conditioning (HVAC) system was non-operational for several days. DCA Leadership expressed its concerns regarding whether the recent fixes to the HVAC would suffice and, at that time, the facility ownership's lack of response regarding a complete overhaul of the HVAC system.

Given DCA's strong stance on the CBA's relocation, I requested a meeting with the Department of General Services (DGS) and DCA. Prior to any final decision, I felt the meeting would provide an opportunity to gather information to ensure that a move is reasonable, necessary, and in the CBA's best interest.

The meeting took place on November 14 and was attended by representatives from the DGS, DCA Leadership, myself and key CBA Administrative staff. The meeting provided an opportunity to openly discuss benefits and concerns from all stakeholders regarding both remaining at the present location and relocating.

Discussion Regarding Lease Options for the California Board of Accountancy's Principal Office Location

Page 2 of 3

Below, I have provided an overview of issues that were discussed and what the CBA should consider when determining whether to relocate the CBA's office location.

2000 Evergreen Street (staying at present location)

Advantages:

- Avoid expense of nearly \$1M to relocate
- No interruption in CBA services or programs
- No staff impact regarding commute and public transit availability

Disadvantages:

- Possibility of continued problems with building maintenance, including HVAC failure, resulting in staff downtime
- HVAC issues have a significant impact on staff's health and safety as well as office morale
- Layout of the CBA is not as efficient as it could be – programs are spread out into separate rooms throughout the suite
- Facility owners have been slow in responding to facility issues
- Uncertainty of other maintenance issues due to age of building

Moving to a New Location

Advantages:

- Newer HVAC system
- Redesigned layout of CBA office space will provide for more efficiencies
- Less maintenance issues as the search parameters of a new location would include requirements that typically come with newer construction
- Per the DGS, commercial real estate prices are low and there is a sizable inventory of commercial real estate to select from

Disadvantages:

- Will likely cost approximately \$1M to relocate
- Possible impact in CBA services or programs, resulting from the logistics of a relocation
- Relocation may occur concurrently with transition to BreEZe
- Staff may be impacted with regards to commute times, carpooling, and availability of public transit

Given the impact that a move would have on the CBA, I felt it necessary to include CBA Leadership and members in the decision process. As the meeting concluded, DCA Leadership committed to working with the CBA and making a decision collaboratively that would be in the best interest of all involved.

The lease process involves numerous steps that can span up to 18 months. The DGS expressed during the meeting that the CBA would be involved through the entirety of the process, so that any new lease would clearly meet all of the CBA's expectations.

Attached is an overview of the lease process for the CBA's review.

Discussion Regarding Lease Options for the California Board of Accountancy's Principal Office Location

Page 3 of 3

Fiscal/Economic Impact Considerations

Moving to a New Location

A move to another location would create a fiscal impact to the CBA as several expenses would be incurred that would not exist if it remained at its current location. New furniture purchases would be necessary as it would not be cost effective to hire contractors to take apart the existing 30-plus year old furniture, move the parts to a new location, and then reassemble. Furniture costs that would comprise the majority of the fiscal impact are expected to run between \$5,000 and \$8,000 per person depending on the classification or \$500,000 to \$800,000 for all staff.

Moving costs for license files and supplies are expected to be approximately \$50,000 with minimal staff downtime given that the movers will be scheduled to perform the majority of the work during the weekend. Other fiscal impacts could include rate changes. The CBA currently spends approximately \$1.66 per sq. foot per month for its current facility, which includes building space, utilities, and a prorated portion of security guard expenses. Based on current market conditions, it is likely that the lease rate will increase. This could be offset by efficiencies of spacing and layout with a newer building and potential decreases in security guard expenses with a safer location.

2000 Evergreen Street (staying at present location)

Remaining at the current location would not require the CBA to incur any furniture or moving costs. It is also possible that the current lessors could submit a bid that is less than a competitor's rate in order to maintain the CBA as tenants. This will not be known until bids are submitted which will occur later in the lease process. Although the financial impact would undoubtedly be less in the short term, the potential impact to staff safety caused by recurrence of past issues could financially impact the CBA far more over the long term.

Recommendation

As previously mentioned, the DCA would like to work collaboratively with the CBA in deciding whether to relocate to a new location. Given the recent and historical problems with the building, the age of the building, the inability to guarantee fixes from the building management, and to ensure that staff have a healthy and safe place to work, it would seem prudent to move forward and explore other office locations.

Attachment

Timeline for Lease Renewal

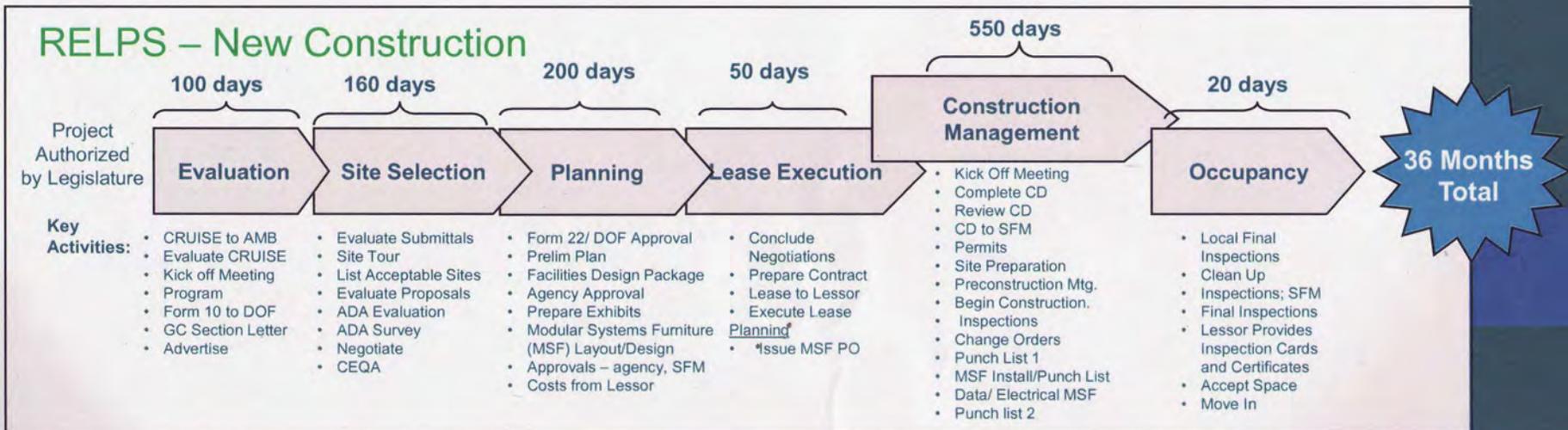
Timeline



RELPS - Lease Renewal



RELPS – New Construction





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CBA Item II.A.
November 21-22, 2013

**Recommendations For Appointments/Reappointments to the
Enforcement Advisory Committee (EAC)**

Presented by: Michael Savoy, CPA, Vice President

Date: October 25, 2013

Purpose of the Item

The purpose of this agenda item is to recommend Cheryl Gerhardt, CPA (**Attachment 1**) for reappointment as Chair of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates and proposes policies and procedures related to the CBA's Enforcement Program.

Comments

For all appointments to a committee, including recommendations for chair, I ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review any evaluations that may have been completed by fellow committee members. Evaluations are completed by committee members providing feedback regarding the Chair's performance. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Recommendations For Appointments/Reappointments to the Enforcement Advisory Committee

Page 2 of 2

Prior to making a decision to recommend Ms. Gerhardt as Chair of the EAC, I performed all the steps previously mentioned. During Ms. Gerhardt's seven years on the EAC, she has exhibited a high level of professionalism during the performance of her duties and demonstrated she has the skills and knowledge to serve in a leadership capacity, which will allow the EAC to continue to perform its mandated activities and assist the CBA with its Enforcement Program.

Additionally, to address committee succession planning, reappointing Ms. Gerhardt as the EAC Chair for an additional year will allow time for mentoring and training of a newly appointed Vice Chair and will provide the CBA with multiple candidates for the EAC Chair position in November 2014.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, I recommend that Ms. Gerhardt be reappointed for one year as Chair of the EAC.

Attachments

1. Curriculum Vitae of Cheryl Gerhardt, CPA
2. Skill Matrix



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CBA Item II.A.
November 21-22, 2013

**Recommendations For Appointments/Reappointments to the
Enforcement Advisory Committee (EAC)**

Presented by: Michael Savoy, CPA, Vice President

Date: October 25, 2013

Purpose of the Item

The purpose of this agenda item is to recommend Jeffrey De Lyser, CPA (**Attachment 1**) for appointment as Vice Chair of the California Board of Accountancy (CBA) Enforcement Advisory Committee (EAC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The EAC assists the CBA in an advisory capacity with enforcement activities. The committee reviews closed investigation files, offers technical guidance on open investigations, and participates in investigative hearings. The committee also considers, formulates and proposes policies and procedures related to the CBA's Enforcement Program.

Comments

For all appointments to a committee, including recommendations for vice chair, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and any evaluations that may have been completed.

Prior to making a decision to recommend Mr. De Lyser as the Vice Chair of the EAC, I performed all the steps previously mentioned. During Mr. De Lyser's two years on the

Recommendations For Appointments/Reappointments to the Enforcement Advisory Committee

Page 2 of 2

EAC, I believe he has exhibited a high level of professionalism during the performance of his duties and demonstrated he has the skills and knowledge to serve in a leadership capacity, which will allow the EAC to continue to perform its mandated activities and assist the CBA with its Enforcement Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, and in consultation with Cheryl Gerhardt, Chair of the EAC, I recommend that Mr. De Lyser be appointed for one year as Vice Chair of the EAC.

Attachments

1. Curriculum Vitae of Jeffrey De Lyser, CPA
2. Skill Matrix



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CBA Item II.B.
November 21-22, 2013

**Recommendations For Appointment(s)/Reappointment(s) to the
Qualifications Committee (QC)**

Presented by: Michael Savoy, CPA, Vice President

Date: October 25, 2013

Purpose of the Item

The purpose of this agenda item is to recommend that Maurice Eckley, CPA (**Attachment 1**) be reappointed as Chair of the California Board of Accountancy (CBA) Qualifications Committee (QC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, including recommendations for chair, I ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review any evaluations that may have been completed by fellow committee members. Evaluations are completed by committee members providing feedback regarding the Chair's performance. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Recommendations For Appointment(s)/Reappointment(s) to the Qualifications Committee

Page 2 of 2

Prior to making a decision to recommend Mr. Eckley as Chair of the QC, I performed all the steps previously mentioned. During Mr. Eckley's seven years on the QC, I believe he has exhibited a high level of professionalism during the performance of his duties and demonstrated he has the skills and knowledge to serve in a leadership capacity, which will allow the QC to continue to perform its mandated activities and assist the CBA with its Licensure Program.

Additionally, to address committee succession planning, reappointing Mr. Eckley to a second term as the QC Chair will allow time for mentoring and training of a newly appointed Vice Chair and will provide the CBA with multiple candidates for the QC Chair position in November 2014.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, I recommend that Mr. Eckley be reappointed for a one year as Chair of the QC.

Attachments

1. Curriculum Vitae of Maurice Eckley, CPA
2. Skill Matrix



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CBA Item II.B.
November 21-22, 2013

**Recommendations For Appointment(s)/Reappointment(s) to the
Qualifications Committee (QC)**

Presented by: Michael Savoy, CPA, Vice President

Date: October 28, 2013

Purpose of the Item

The purpose of this agenda item is to recommend Robert Ruehl, CPA (**Attachment 1**) for appointment as Vice Chair of the California Board of Accountancy (CBA) Qualifications Committee (QC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, including recommendations for vice chair, I work with the current chair to discuss knowledge and skills to ensure that the appointment(s) will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed or are being recommended for a leadership role on the committee, I review prior attendance records and review any evaluations that may have been completed.

Prior to making a decision to recommend Mr. Ruehl as Vice Chair of the QC, I performed all the steps previously mentioned. During Mr. Ruehl's six years on the QC

Recommendations For Appointment(s)/Reappointment(s) to the Qualifications Committee

Page 2 of 2

he has exhibited a high level of professionalism during the performance of his duties and demonstrated that he has the skills and knowledge to serve in a leadership capacity, which will allow the QC to continue to perform its mandated activities and assist the CBA with its Licensure Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, and in consultation with Maurice Eckley, Chair of the QC, I recommend that Mr. Ruehl be appointed for one year as Vice Chair of the QC.

Attachments

1. Curriculum Vitae of Robert Ruehl, CPA
2. Skill Matrix



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CBA Item II.B.
November 21-22, 2013

**Recommendations For Appointment(s)/Reappointment(s) to the
Qualifications Committee (QC)**

Presented by: Michael Savoy, CPA, Vice President

Date: October 25, 2013

Purpose of the Item

The purpose of this agenda item is to recommend that Joanna Bolsky, CPA (**Attachment 1**) be reappointed to the California Board of Accountancy (CBA) Qualifications Committee (QC).

Action Needed

It is requested that the CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

For all appointments to a committee, I work with the current chair to discuss knowledge and skills to ensure that the appointment will contribute to the committee's function and enable it to carry out its mandated activities. A matrix identifying the present members' areas of expertise is included as **Attachment 2**.

I also confer with the CBA's Executive Officer to verify that the potential appointee has met the appropriate requirements for license renewal, including continuing education requirements and peer review (if subject). A check is also made to ensure there are no pending enforcement actions.

For current members who are being reappointed, I also review prior attendance records and review the evaluation that is completed annually by the present chair of the committee. The evaluation requests feedback in the areas of interpersonal skills, communications, leadership, attendance, preparedness, technical, and participation.

Recommendations For Appointment(s)/Reappointment(s) to the Qualifications Committee

Page 2 of 2

Prior to making a decision to recommend Ms. Bolsky for reappointment to the QC, I performed all the steps previously mentioned. During Ms. Bolsky's two years on the QC, I believe she has exhibited a high level of professionalism during the performance of her duties and has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensure Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above and in consultation with Maurice Eckley, Chair of the QC, I recommend that Joanna Bolsky be reappointed to the QC for a two-year term.

Attachments

1. Curriculum Vitae of Joanna Bolsky, CPA
2. Skill Matrix



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CBA Item II.B.
November 21-22, 2013

Recommendations for Rotation Off the Qualifications Committee (QC)

Presented by: Michael Savoy, Vice President

Date: November 4, 2013

Purpose of the Item

The purpose of this agenda item is to recommend that three members of the California Board of Accountancy (CBA) Qualifications Committee (QC) be rotated off the QC to allow new members be appointed for purposes of succession planning.

Action(s) Needed

It is requested that CBA adopt the recommendation.

Background

The QC assists the CBA in its licensure activities by reviewing the experience of applicants for licensure and making recommendations to the CBA. This responsibility includes conducting work paper reviews, with the applicant or the employer present, to verify that the responses provided are reflective of the requisite experience for licensure.

Comments

To address CBA member concerns regarding succession planning, and to establish varying term expiration dates for the QC, it is necessary to rotate four existing QC members off the committee and permit new members to be appointed. The CBA may repeat this process, in the future, if it is necessary to ensure varying term expiration dates. While I am recommending a rotation off of three members, this will not affect the QC's ability to obtain a quorum and perform its mandated function.

Creating varying QC member term expiration dates will allow an opportunity for mentoring to occur between existing and new members, further supporting the CBA's succession planning goals.

Fiscal/Economic Impact Considerations

None.

Recommendations for Rotation Off the Qualifications Committee (QC)

Page 2 of 2

Recommendation

To address succession planning concerns, create varying member term expiration dates, and allow for new members to be appointed to the QC, I recommend that Gary Bong, CPA; James Woyce, CPA; and Michael Haas, CPA be rotated off the QC, effective December 31, 2013. This recommendation was made in consultation with the committee chair, Maurice Eckley, CPA. Should the CBA approve this recommendation, it is anticipated that a recommendation for new member appointments could occur in January or March 2014.

Attachments

None.



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CBA Item III.B.
November 21-22, 2013

Fiscal Year 2013-14 First Quarter Financial Statement

Presented by: K.T. Leung, CPA, Secretary/Treasurer

Date: October 25, 2013

Purpose of the Item

The purpose of this agenda item is to provide California Board of Accountancy (CBA) members the first quarter financial statement.

Action Needed

No specific action is required on this agenda item.

Background

CBA Financial statements are prepared quarterly (October, January, April, and August) and are included in CBA meeting materials. These statements provide an overview of year-to-date receipts, expenditures, and the status of the Accountancy Fund Reserve.

Comments

None.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff has no recommendation on this item.

Attachments

1. First Quarter Financial Statement – Narrative
2. First Quarter Financial Statement – Statistics
3. CBA Budget Allocation History
4. CBA Total Revenue and Expenditures

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
FIRST QUARTER FINANCIAL STATEMENT - NARRATIVE
(for period of 7-01-13 through 9-30-13)



DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENT

BUDGET

The fiscal year (FY) 2013-14 Budget was signed by Governor Brown on June 27, 2013. The preliminary California Board of Accountancy (CBA) budget for total net expenditures is set at \$11,574,000, an approximate increase of four percent from last fiscal year. The increase to the budget can be attributed to higher personnel costs stemming from the elimination of the Personal Leave Program (PLP), as well as higher health and retirement benefit contribution costs. BreZE costs have also increased as the CBA moves closer to a “go-live” date.

The FY 2014-15 Budget will be available on January 10, 2014, and details of budgetary changes will be provided to the members in the March 2014 mid-year financial statement.

REVENUES/TOTAL RECEIPTS

During the first quarter of FY 2013-14, the CBA collected approximately \$3.0 million in total receipts. Total revenues increased about 11 percent from the same period last year. Initial Licensing applications for the first quarter of FY 2013-14 increased, possibly reflecting certified public accountant (CPA) applicants rushing to finalize their licensure process prior to the new educational requirements becoming effective on January 1, 2014.

Although the penalties and fines line item reflects a reduction in revenue, the Enforcement Division is preparing to send approximately 1,500 citations to licensees for failure to respond to CBA inquiries regarding the peer review reporting requirement, which will likely reflect an increase by year's end. In future years, the CBA anticipates this line item may show a significant decrease as the CBA transitions to collecting peer review information at the time of license renewal beginning January 2014. Aligning the peer review reporting requirement with license renewal will hopefully increase licensees' compliance.

EXPENDITURES

Total expenditures through the first quarter reflect an approximate nine percent increase over the same time period last fiscal year. Wages and benefits costs have increased due to the CBA being fully staffed and the elimination of the PLP reductions.

The fingerprinting line item remains inflated due to invoicing errors from the Department of Justice (DOJ). CBA staff are working with DOJ to ensure any overcharged amounts are properly refunded.

The postage line item reflects a significant increase compared to last year. Factors impacting this increase include the mailing of letters to all licensees regarding peer review reporting at license renewal, new fingerprint requirement, and changes in continuing

**CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
FIRST QUARTER FINANCIAL STATEMENT
PAGE 2 OF 2**

education requirements. Also contributing to the increase, since the last statement, is the mailing of the Fall UPDATE publication. It is also anticipated that the postage rate changes expected in January 2014 will further increase the amount of this line item.

Departmental services charges have increased due to additional BreEZe costs. Costs are expected to rise as the CBA moves closer towards implementation which is expected in early 2015.

RESERVES

The CBA ended the first quarter with 16.3 months in reserve. First-quarter expenditures exceeded total revenues by approximately \$192,000 and the year-end projection estimates that total CBA expenditures may exceed total revenues by approximately \$277,000 with the Reserve remaining consistent at 16.3 months.

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
First Quarter Financial Statement
(for period of 7/1/13 through 9/30/13)

Attachment 2

	FY 2013-14 Received/Expended 7/01/13 - 9/30/13 (3 months) [8]	FY 2012-13 Received/Expended 7/01/12 - 9/30/12 (3 months) [8]	% Change FY 2013-14 to FY 2012-13 to (A:B)	FY 2013-14 Annual Governor's Budget 7/01/13 - 6/30/14 (12 months) [9]	FY 2013-14 Receipts/Expenditures Over/Under Budget (D:A)	FY 2013-14 Annual Projections (12 months) [10]
RECEIPTS						
Revenues:						
Renewals [1]	1,855,990	1,710,006	8.5%	5,743,503	-67.7%	5,925,998
Examination Fees	827,251	779,411	6.1%	2,976,862	-72.2%	3,250,425
Licensing Fees	331,498	194,250	70.7%	971,350	-65.9%	1,381,466
Practice Privilege Fees	0	22,700	-100.0%	0	N/A	0
Miscellaneous [2]	11,059	11,594	-4.6%	55,359	-80.0%	64,989
Monetary Sanctions [3]	0	0	NA	0	NA	0
Penalties and Fines	24,700	34,200	-27.8%	375,350	-93.4%	108,800
Total Revenues	3,050,498	2,752,161	10.8%	10,122,424	-69.9%	10,731,678
Interest	0	0	NA	0	NA	0
TOTAL NET RECEIPTS	3,050,498	2,752,161	10.8%	10,122,424	-69.9%	10,731,678
EXPENDITURES:						
Personal Services:						
Salaries & Wages	1,101,695	1,039,353	6.0%	4,405,698	-75.0%	4,462,512
Temporary Help	67,314	51,276	31.3%	4,033	1569.1%	292,480
Total Salaries & Temp. Help	1,169,009	1,090,629	37.3%	4,409,731	1494.1%	4,754,992
Benefits						
Health Insurance	163,399	151,769	7.7%	818,883	-80.0%	653,596
Other Insurance and Miscellaneous	57,427	48,831	17.6%	76,152	-24.6%	229,708
State Retirement	206,334	197,493	4.5%	856,755	-75.9%	825,336
Social Security	68,533	63,620	7.7%	308,617	-77.8%	274,132
Total Benefits [4]	495,693	461,713	37.5%	2,060,407	-258.3%	2,048,555
Total Personal Services:	1,664,702	1,552,342	7.2%	6,470,138	-74.3%	6,803,547
Operating Expenses:						
Fingerprints	10,980	3,812	188.0%	185,000	-94.1%	18,000
General Expense	40,585	41,475	-2.1%	255,242	-84.1%	243,510
Printing	25,427	43,544	-41.6%	84,608	-69.9%	232,562
Communications	2,351	2,167	8.5%	47,614	-95.1%	32,696
Postage	69,791	21,503	224.6%	130,872	-46.7%	290,000
Travel: In State	25,184	16,213	55.3%	132,886	-81.0%	151,104
Training	5,435	125	4248.0%	27,012	-79.9%	13,000
Facilities Operations	672,422	658,784	2.1%	613,818	9.5%	689,044
Consultant & Professional Services	7,313	41,269	-82.3%	470,076	-98.4%	137,000
Departmental Services	352,873	319,470	10.5%	1,412,546	-75.0%	1,412,546
Consolidated Data Center	14,595	3,443	323.9%	40,770	-64.2%	40,770
Data Processing	2,943	294	901.0%	70,103	-95.8%	17,658
Central Administrative Services	103,991	129,399	-19.6%	415,964	-75.0%	415,962
Exams	137,400	68,400	100.9%	0	NA	137,400
Enforcement	103,489	83,575	23.8%	1,463,551	-92.9%	619,952 [11]
Equipment	8,865	722	1127.8%	49,800	-82.2%	49,800
Total Operating Expenses:	1,583,644	1,434,195	10.4%	5,399,862	-70.7%	4,501,004
TOTAL EXPENDITURES	3,248,346	2,986,537	8.8%	11,870,000	-72.6%	11,304,551
Less Scheduled Reimbursements	5,291	3,910	35.3%	296,000	-98.2%	296,000
TOTAL NET EXPENDITURES	3,243,055	2,982,627	8.7%	11,574,000	-72.0%	11,008,551
RECEIPTS IN EXCESS OF EXPENSES	-192,557	-230,466		-1,451,576		-276,873
PLUS COST RECOVERY	33,590	512,787		0		134,360
BEGINNING RESERVES JULY 1 [5]	15,860,000	14,301,000		15,860,000		15,860,000
Total Resources	15,701,033	14,583,321		14,408,424		15,717,487
PROJECTED ENDING RESERVES	15,701,033	14,583,321	7.7%	14,408,424		15,717,487
GENERAL FUND LOAN 2002 [6]	(6,000,000)					
GENERAL FUND LOAN 2003 [6]	(270,000)					
GENERAL FUND LOAN 2008 [6]	(14,000,000)					
GENERAL FUND LOAN 2010 [6]	(10,000,000)					
GENERAL FUND LOAN 2011 [6]	(1,000,000)					
MONTHS IN RESERVE (MIR) [7]	16.3	15.5		14.9		16.3

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
First Quarter Financial Statement
(for period of 7/1/13 through 9/30/13)

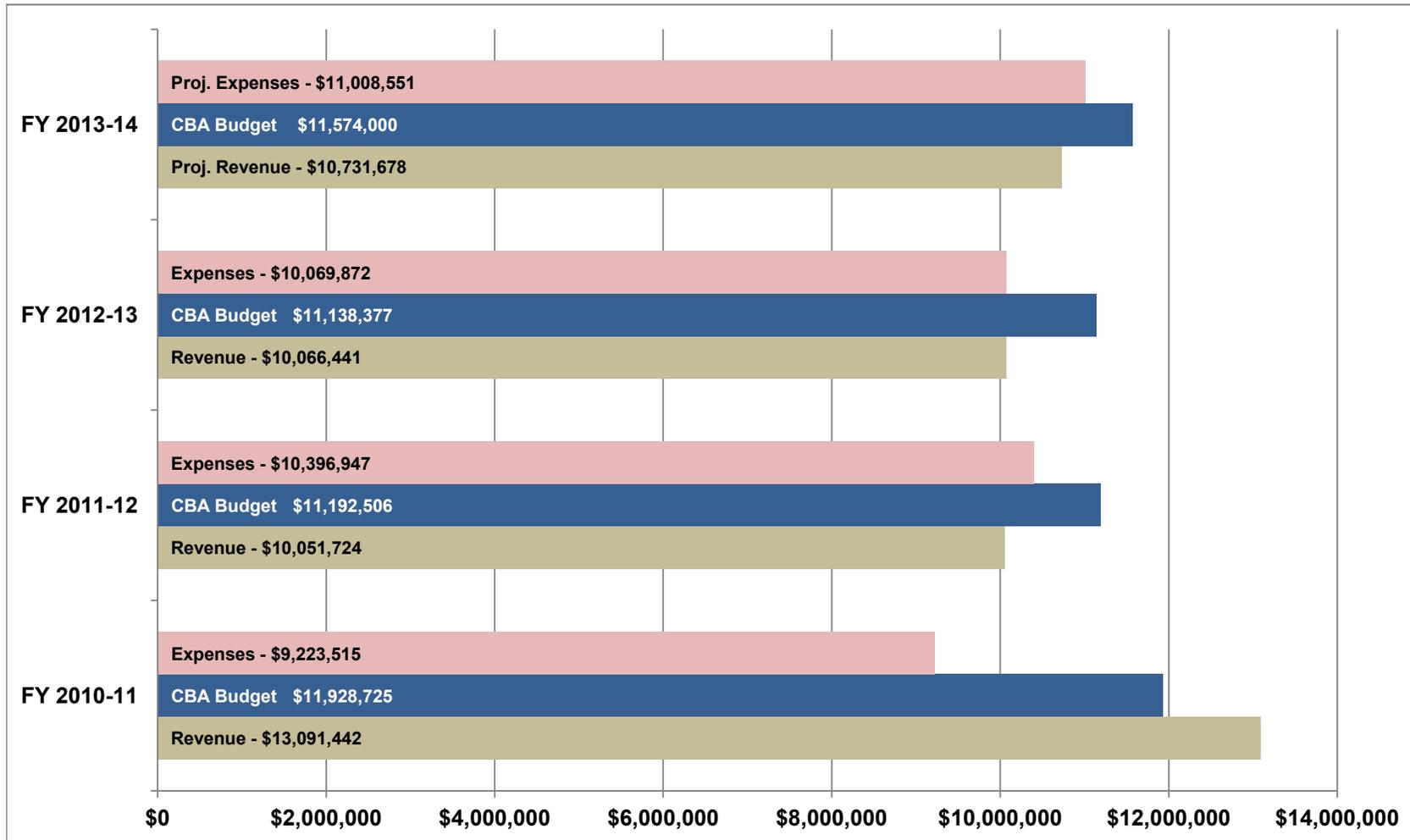
Footnotes:

- [1] Includes biennial renewals, delinquent and prior year renewals, and initial licenses.
- [2] Includes miscellaneous services to the public, dishonored check fees, certification fees, duplicate licenses, name changes, over/short fees, suspended revenue, prior year adjustments, and unclaimed checks.
- [3] Enforcement monetary sanctions received as components of stipulated settlements and disciplinary orders approved by the CBA. These orders bring to a conclusion any accusations that had previously been filed by the Executive Officer, and are separate from fines or citations.
- [4] The following line items are part of the total benefits figure:
Health Insurance - health, dental, vision.
Other insurance and Miscellaneous - worker's compensation, unemployment insurance, transit discount.
- [5] FY 2013-14 beginning reserve amount was taken from Analysis of Fund Condition statement, prepared by the Department of Consumer Affairs (DCA) Budget Office.
- [6] Funds borrowed per California Government Code Section 16320, which indicates that the Budget Act is the authority. The "terms and conditions" of the loans, per the Budget Act are: "The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer." (Estimated at .389% for 2011, .515% for 2010, 2.78% for 2008, 1.64% for 2003 loan, and 2.64% for 2002). "It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or an increase in fees." Outstanding General Fund loans total \$31,270,000.
- [7] Calculation: Net expenditure authority for FY 2013-14 (\$11,574,000) divided by twelve months equals monthly expenditure authority (\$964,500). Total ending reserves divided by monthly authority equals "Months in Reserve" (MIR).
- [8] Received/Expended amounts through September 30, 2013 for FY 2013-14 and September 30, 2012 for FY 2012-13 include encumbrances, and are from DCA Budget Reports.
- [9] Figures reflect projected revenues from FY2013-14 Workload and Revenue Statistics, expenditures are from the FY 2013-14 DCA Budget Gallev STONE and the DCA Fund Condition statement.
- [10] This column reflects CBA's annual revenue and expenditure projections for Fiscal Year 2013-14 based on three months of actual data.
- [11] Annual expenditures projected for the Enforcement line item are based only on what the CBA has spent to date. No other factors are used indetermining this projection. This estimate is not indicative of the number or type of enforcement cases the CBA anticipates being involved in or is currently investigating.

NOTE: CBA Financial Reports are prepared quarterly (October, January, April, and August) and included in CBA Meeting materials. These reports provide an overview of receipts, expenditures, and the status of the Accountancy Fund Reserve.

CBA Budget Allocation History											
(including reimbursements FM03)											
First Quarter FY 2013-14	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Board	
\$ Budgeted	\$11,574,000	119,622	910,785	1,362,161	639,258	1,211,409	4,647,380	2,088,720	443,665	151,000	
\$ Spent¹	\$3,243,055	30,882	380,368	375,594	177,640	420,067	1,025,164	657,280	130,890	45,169	
Authorized Positions²	75.9	1.0	6.0	11.0	4.0	11.0	22.5	17.4	3.0	0.0	
¹ Dollars spent through the First Quarter ending September 30, 2013.											
² Three limited-term positions expired as of June 30, 2013. One permanent Practice Privilege office assistant position was eliminated via a negative BCP.											
FY 2012-13	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Board	
\$ Budgeted	\$11,138,377	210,426	866,598	1,300,985	605,291	1,155,907	4,462,554	2,000,197	417,059	119,360	
\$ Spent	\$10,069,872	173,158	811,677	1,182,577	563,050	1,299,912	3,442,237	2,129,545	470,587	122,987	
Authorized Positions³	79.9	2.0	6.0	12.0	5.0	11.0	22.5	18.4	3.0	0.0	
³ The elimination of salary savings required by the Department of Finance in FY 2012-13, required the CBA to eliminate 3.6 authorized positions.											
FY 2011-12	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$11,192,506	223,850	783,475	1,455,026	559,625	1,119,251	4,365,077	2,126,576	447,700	0.0	111,925
\$ Spent	\$10,248,290	169,721	957,906	1,217,073	555,507	1,016,342	3,552,814	2,093,066	586,124	0.0	99,736
Authorized Positions	83.5	2.0	7.0	12.0	5.0	11.0	22.5	20.0	4.0	0.0	0.0
FY 2010-11	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services ⁴	Board
\$ Budgeted	\$11,928,725	176,337	1,023,455	1,208,197	618,616	929,864	5,150,079	2,169,348	519,624	0	133,206
\$ Spent	\$9,223,515	140,127	883,475	1,230,379	530,717	980,654	2,743,474	2,118,158	478,714	0	117,816
Authorized Positions	84.0	2.0	9.0	15.0	5.0	8.0	20.0	21.0	4.0	0.0	0.0
⁴ The Client Services Unit was closed in 2010 and staff were redirected to the Examination, Enforcement, and RCC units.											

CBA Total Revenue and Expenditures





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CBA Item IV.A.
November 21-22, 2013

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

Presented by: Patti Bowers, Executive Officer

Date: October 16, 2013

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the role of the Executive Officer (EO) in identifying resource needs and establishing appropriate staffing levels for the CBA commensurate with the CBA's mission of consumer protection.

Action(s) Needed

No action is required on this item.

Background

A concern was raised at the September 2013 CBA meeting regarding a potential increase to CBA staffing levels. CBA members requested clarification regarding the methods I employ when deciding whether to pursue a staffing augmentation, as well as information regarding resources at other comparable agencies within the Department of Consumer Affairs (DCA) and other state boards of accountancy.

Comments

As with any organization, proper staffing is essential for the CBA's operational effectiveness. Staffing shortages increase the workload of existing employees, creates backlogs and processing delays, and can require overtime, which leads to low morale, loss of productivity, absenteeism, and higher wages. Similarly, having excess staff creates operational inefficiencies, denies employees opportunities to stay productive, and leads to unnecessary wage payouts.

As the CBA's EO, one of my primary responsibilities is the management of CBA operations and its resources. I am tasked with ensuring the CBA operates in an effective and efficient manner, with the appropriate level of staff allocated to each program area.

Provided in this agenda item is information to assist CBA members in understanding my program management and oversight, the process for requesting a staffing augmentation, historical information regarding CBA augmentation requests, identifying

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

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future CBA resource needs, and an update regarding the CBA's request for a comparison of resource information from other agencies.

Program Management and Oversight

Unit Level Management

Each program area is assigned a Unit Manager responsible for monitoring daily workflow and productivity. As first-line supervisors, Unit Managers monitor the output of work by their unit against established performance goals. When work backlogs or deficiencies are identified, Unit Managers, working with their Division Chief, identify the source of the problem and take the appropriate steps to resolve the issue. Unit Managers are responsible for making sure they have the appropriate number of staff, assigned to the right positions, at the right time. On a regular basis, program-level adjustments are made to accomplish the work of the unit in an effective manner, with the fewest number of staff possible.

Division Level Management

The primary functions of the CBA are divided into three Divisions: Administration, Enforcement, and Licensing. Each Division is assigned a Division Chief responsible for planning, organizing, and directing the work of the division. Division Chiefs work collaboratively with their Unit Managers to assess and develop effective and efficient processes that improve services and outcomes. Division Chiefs also assist in implementing regulations, legislatively mandated programs and program area changes, and policy direction from the CBA.

Executive Officer Oversight

As previously stated, as the CBA's EO, I am responsible for managing the CBA's operations and resources. I meet with CBA's Division Chiefs on a regular basis to review operational effectiveness and resource allocations. We discuss program productivity, organizational priorities, and office-wide goals. Process improvements, priority adjustments, and changes to resource allocations are initiated as necessary to meet the operational needs of the CBA. When staffing shortages are identified, all feasible alternatives are explored, including the use of part-time, retired annuitants, student assistants, and contracted employees. If these do not represent feasible alternatives or do not fit within the guidelines for appropriate use of staff, a staffing augmentation through the budget process is explored.

Process for Requesting a Staffing Augmentation

The opportunity to request a staffing augmentation occurs annually as part of the budget process. The Department of Finance (DOF) releases a Budget Letter each year in the spring to assist departments in planning for the upcoming budget process which takes approximately 15 months to complete. The Budget Letter contains budget preparation instructions, including forms and instructions for the preparation of Budget Change Proposals (BCP).

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

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A BCP is a proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized. In adherence to the Governor's policy to contain the growth in civil service positions, departments are required to clearly establish long- and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g. automation, workload readjustments, etc.). Other alternatives that have been considered must also be identified and analyzed. Each BCP must demonstrate a compelling public need based on benefits, costs and workload.

CBA Process for Reviewing Staffing Augmentation Request

In determining the best course of action to address or identify a staffing deficiency, the Unit Manager and Division Chief work together to identify the root of the problem and further explore program efficiencies and priority adjustments. However, staffing or resource deficiencies occur not only as a result of increases in volume of existing workload, it also occurs as a result of new programs, legislative and regulatory changes, and policy direction from the CBA. In instances where existing or projected program workload exceeds what can be accomplished with the staff assigned to the unit, additional options are explored including the use of part-time employees or, in certain circumstances, the use of overtime (typically for short-term use). Additionally, the Division Chief explores temporarily redirecting staff from other program areas within the Division.

Once these options have been explored and a staffing deficiency continues to exist, the Division Chief works with other Division Chiefs and me to present the problem, discuss options explored, and recommend next steps. I then can assess the staffing resources throughout the CBA to determine if redirection between Divisions can be achieved without compromising the program activities, expectations for processing timeframes and existing level of customer service. Additionally, at this stage, options such as priority adjustments are reconsidered. If a feasible alternative or solution cannot be identified, management begins moving forward in preparing a BCP.

The preparation of a BCP provides another opportunity to examine the program as a whole. Each BCP must contain a workload analysis that identifies core tasks, duration of time to complete tasks, and the number of staff assigned to the unit. The detailed workload analysis is ultimately what provides the data to assist management in determining what staffing deficiency exists. The BCP goes through extensive reviews by the CBA budget manager, Division Chiefs and Assistant Executive Officer before I render a decision on whether to move the BCP forward and, if multiple BCPs, on the priority of the requests.

External Review Process for Requesting a Staffing Augmentation

Once an agency has made a determination to move a BCP forward, it is submitted for multiple levels of review and approval. For the CBA, this would include review by DCA; Business, Consumer Services, and Housing Agency (BCSHA); and DOF.

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

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Each of these agencies conducts a thorough analysis of all aspects of the BCP, including the purpose, background and history (including program resource history), state level considerations, justification, projections on how the proposal will improve or correct the deficiency, and alternatives.

It is common for each of these agencies to engage the CBA in extensive discussions regarding the need for the BCP, including the review of the workload analysis, options for automation, ability for workload to be absorbed within existing resources, and consideration of using part-time or temporary staff prior to determining whether a staffing augmentation is warranted.

If the BCP is approved by the Director of DCA, Secretary of BCSHA, and the Director of DOF, it is then submitted to the Governor for inclusion in the Governor's Budget that is released in early January, approximately nine months after the initial Budget Letter was released. Until the Governor's Budget is released, all information contained in budget documents used during the Governor's Budget development process is strictly confidential. BCPs are treated as confidential unless and until the BCP is released to the Legislature as part of the Governor's Budget. Disapproved, unapproved, and draft BCPs (i.e. BCPs not released to the Legislature) remain confidential indefinitely and may not be released.

Including the BCP in the Governor's Budget does not provide automatic approval. Each BCP must be reviewed and analyzed by the Budget Subcommittees of both the Assembly and Senate. During this review, we may be asked to answer specific questions from legislators regarding the nature, necessity, and contents of the BCP. At any time during the process, up until it is signed by the Governor, the BCP could be modified to request fewer or different classifications of staff, or simply denied.

If the BCP are approved through both the Assembly and Senate, the positions are approved once the Governor signs the budget. The effective date of the position authority is typically the beginning of the fiscal year; however, there are instances when the positions are established at other intervals.

Historical Information Regarding CBA Augmentation Requests

To assist members in understanding the position changes that have occurred since I became EO, **attached** is historical information regarding CBA staffing augmentation requests. Although there have been staffing augmentations to address program needs such as peer review, continuing education, and the new educational requirements, there have been staffing reductions as a result of the Governor's Executive Orders and the submission of a negative BCP. As members will notice, the CBA presently has nine percent less staff than when I was appointed EO.

When legislation is passed, the CBA analyzes the affected programs and makes a determination whether staffing must be increased or decreased. If a decrease is indicated, the CBA submits a negative BCP, which has the effect of eliminating staff

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

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positions. As an example, the recent changes to the Practice Privilege program necessitated a negative BCP because, under the new program, the notification and fee requirements were eliminated, thus removing the need for a staff member to process the notifications and fees.

Future CBA Resource Needs

As is evident by the attachment, the CBA has been extremely conservative and reserved in requesting staffing resources. I have, at every opportunity, explored all feasible alternatives in lieu of submitting a BCP. To this end, I have also looked ahead at our resource needs to determine what, if any, would further assist the CBA in meeting both its mandate to ensure consumer protection, as well as be responsive to CBA policy directives.

The CBA has many changes coming in the near future that warranted me pursuing a staffing augmentation. Additionally, I have received guidance from the CBA regarding areas that, to further ensure consumer protection, will benefit from the addition of staffing.

Provided below is an overview of issues that may assist members in gaining a better understanding of areas the CBA will benefit from additional staffing:

- Implementing retroactive fingerprinting (*effective January 1, 2014*)
- Implementing new education requirements for CPA licensure (*effective January 1, 2014*)
- Ensuring licensees are complying with mandatory Peer Review requirements
- Providing adequate probation monitoring
- Reducing internal investigative processing timeframes
- Expanding the scope of investigations, when warranted
- Conducting investigative hearings prior to referral of an accusation to the Attorney General's office.
- Expanding fieldwork of CBA investigators
- Maintaining improved application processing timeframes for initial CPA licensure and license renewal
- Maintaining enhanced level of customer service

The areas referenced above include objectives from the CBA's 2013-2015 Strategic Plan, policy directives from the CBA, and statutory and regulatory changes. All the items above directly relate and contribute to the CBA's mission of consumer protection.

Comparison of Resource Information from Other Agencies

During the September 2013 CBA meeting, members requested information regarding other agencies resources, both within DCA, as well other state boards of accountancy.

Following the September 2013 CBA meeting, staff began discussions on how best to obtain the information requested by members. As was discussed at the September

Overview of the Role of the Executive Officer in Identifying Resource Needs and Establishing Staffing Levels

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meeting, each state board is unique and has different rules, organizational structures, and methods for accomplishing the specific mandates of the board. Although staff had intended to provide this information at the November CBA meeting, it became apparent that additional time and resources would be needed in order to provide the members with a complete and accurate comparison of California to other DCA agencies and to other state boards of accountancy. This information will be provided to members as soon as it becomes available.

As always, I would welcome any input or direction members may have regarding my management of the CBA's operations and its resources.

Fiscal/Economic Impact Considerations

Staff time to continue developing the survey and contacting other agencies to gather requested information.

Recommendation

Staff have no recommendation on this item.

Attachments

Historical Information Regarding CBA Staffing Augmentation Requests

HISTORICAL INFORMATION REGARDING CALIFORNIA BOARD OF ACCOUNTANCY STAFFING AUGMENTATION REQUESTS

	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13	Fiscal Year 2013-14
Permanent Positions	83.0	83.0	84.0	87.5	79.9	75.9
Number of CBA Budget Change Proposals Approved	N/A	N/A	2	2	1	1
Budget Change Proposal Description			Peer Review Implementation (2): <ul style="list-style-type: none"> ▪ 1.0 - Investigative CPA ▪ 1.0 - AGPA SB 819 Education Changes to CPA Licensure (2): <ul style="list-style-type: none"> ▪ 1.0 - Staff Manager I (Limited Term) ▪ 1.0 - AGPA (Limited Term) 	Peer Review Clerical Workload (1): <ul style="list-style-type: none"> ▪ 1.0 - Office Technician (Limited Term) Enforcement Workload Increase (2.5): <ul style="list-style-type: none"> ▪ 2.5 - AGPAs 	Workforce Cap Position Reduction (4): <ul style="list-style-type: none"> ▪ -4.0 - Permanent positions eliminated 	Practice Privilege Notification and Fee Elimination (-1.0): <ul style="list-style-type: none"> ▪ -1.0 - Office Assistant
Permanent Position Changes	0	0	+1.0	+3.5	-7.6	-4.0
Position Change Reason			+2.0 Peer Review +2.0 SB 819 -3.0 Limited term Practice Privilege implementation positions ended Net Change: +1	+1.0 Peer Review +2.5 Enforcement Net Change: + 3.5	-4.0 Workforce Cap Reduction (permanent positions) -5.0 BL 11-29, Salary Savings of \$260K (3.6 permanent and 1.4 blanket positions) Net Change: -9.0	-2.0 SB 819 Limited term positions ended -1.0 Peer Review Limited term position ended -1.0 Practice Privilege Negative BCP Net Change: -4.0



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CBA Item IV.C.
November 21-22, 2013

Discussion and Possible Action to Establish the Mobility Stakeholder Group

Presented by: Matthew Stanley, Legislation Analyst

Date: October 14, 2013

Purpose of the Item

The purpose of this agenda item is to discuss the formation of a stakeholder group as required by Business and Professions Code (BPC) section 5096.21 (**Attached**).

Action(s) Needed

Staff is requesting the CBA adopt recommendations detailed below related to the establishment of the stakeholder group.

Background

On July 1, 2013, Senate Bill (SB) 1405 became effective, which, among other things, implemented no notice, no fee mobility in California. SB 1405 also includes the addition of BPC section 5096.21(e), which requires the CBA to convene a stakeholder group before July 1, 2014. This stakeholder group sunsets with the rest of the new practice privilege program on January 1, 2019, unless a future law extends that date.

The purpose of the stakeholder group, as defined in BPC section 5096.21(e) is to consider whether the provisions of the practice privilege law:

1. Are consistent with the CBA's duty to protect the public, and
2. Satisfy the objectives of stakeholders of the accounting profession in this state, including consumers.

BPC section 5096.21(e) also describes that the group must, at its first meeting, adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the CBA.

Comments

The CBA will need to consider several items before appointments to this stakeholder group can be made. Below is a list of these considerations along with staff recommendations for how they might be addressed.

Group Name

Staff recommends the group be named the Stakeholder Group for the Consideration of Mobility Provisions (Mobility Group).

Discussion and Possible Action to Establish the Mobility Stakeholder Group

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Purpose and Direction for the Mobility Group

The statutory purpose of the Mobility Group is to consider whether the provisions of the practice privilege law are consistent with the CBA's duty to protect the public, and whether the provisions of the practice privilege law satisfy the objectives of stakeholders of the accounting profession in this state, including consumers.

The Mobility Group is set up to be a continuous body. It does not have an "end objective" or a "final report." According to the law, this body will continue to exist as long as the mobility provisions exist.

The CBA is also required to report to the Legislature, on two separate occasions, on other matters regarding the practice privilege program. There is some crossover with the topics that the Mobility Group will be discussing and the questions that the CBA must answer in its final report. When the CBA begins work on the final report, it may wish to utilize the Mobility Group's discussions and reports in preparing portions of this report to the Legislature, or it may wish to consider whether it would want the Mobility Group to assist in preparing these reports.

The Mobility Group is established in the law as an advisory body only and may not create or adopt policies outside of self-governance.

Composition of the Mobility Group

BPC section 5096.21(e) gives only a broad outline for the Mobility Group's membership composition as follows:

- Members of the CBA
- Representatives of the accounting profession
- Consumer representatives
- CBA enforcement staff

Members of the CBA

The number of members of the CBA is not specified, nor is the number of licensee or public members. However, the law does say "members" in the plural, implying more than one.

Representatives of the accounting profession

The term "representative" can be either a person that represents (act as an agent for) another or others, or an example of a group. In other words, a representative of the accounting profession could be an individual speaking on behalf of the profession, or an individual who is a member of the profession. The law does say "representatives" in the plural, implying more than one.

Consumer representatives

As above, a consumer representative could be an individual speaking on behalf of consumers, or an individual who is a consumer. Again it is in the plural, implying more than one.

Discussion and Possible Action to Establish the Mobility Stakeholder Group

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CBA enforcement staff

Staff will recommend that this selection be made in consultation with the Executive Officer.

Composition

Staff always recommend an odd number of voting members in a group in order to avoid possible deadlocks. Therefore, staff recommend the following composition for the Mobility Group:

- Two members of the CBA
- Two representatives of the accounting profession
- Two consumer representatives
- One CBA enforcement staff

The CBA may wish to charge its next President with the duty of appointing the members of the Mobility Group based on its composition recommendation. Staff recommend that the appointments be made no later than the March 2014 CBA meeting in order to allow the Mobility Group to meet before the July 1, 2014 deadline.

Group Leadership

The CBA may wish to charge its next President with appointing a Chair for the Mobility Group and possibly a Vice-Chair as well.

Policies and Procedures

While the CBA normally would establish policies and procedures for entities such as the Mobility Group, BPC section 5096.21(e) grants the Mobility Group a certain measure of independence by requiring it to adopt its own policies and procedures relative with how it will conduct its business, and the frequency with which it reports findings to the CBA.

Based on how similar bodies have functioned in the past, the Mobility Group may be faced with some of the following issues which it must decide at its first meeting:

- The frequency of its meetings – staff anticipate the Mobility Group could decide to meet as frequently as every two months or as infrequently as every six months. It could start out with frequent meetings and, as its workload is better established, reduce the frequency over time.
- When and where meetings are held – staff anticipate that meetings would be held in conjunction with regularly scheduled CBA meetings in order to save money on travel expenses.
- When and how often to report to the CBA – this decision is, by law, solely within the discretion of the Mobility Group. Based on other committees and task forces, staff would anticipate reports no less frequent than once per year.

Summary

In order to provide sufficient guidance to staff, staff would request that the following questions be answered within the CBA's motion or motions regarding this item:

- Should the name be the Stakeholder Group for the Consideration of Mobility Provisions (Mobility Group)?
- What will be the composition of the Mobility Group?

Discussion and Possible Action to Establish the Mobility Stakeholder Group

Page 4 of 4

- Does the CBA wish to charge its 2014 President with the duty of appointing Mobility Group membership?
- Does the CBA wish to charge its 2014 President with appointing a Chair and possibly a Vice-Chair for the Mobility Group?

Fiscal/Economic Impact Considerations

Staff will be better equipped to provide guidance for CBA and the Mobility Group's consideration once the Mobility Group is established.

Recommendation

Staff recommends the CBA adopt a motion or motions that respond to the questions in the above summary.

Attachment

BPC section 5096.21

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**Attachment****BPC section 5096.21****5096.21.**

(a) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require, by regulation, out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by former Section 5096, as added by Chapter 921 of the Statutes of 2004, and regulations adopted thereunder.

(b) The board shall, at minimum, consider the following factors in making the determination required by subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the board to adequately link consumers to an Internet Web site to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(c) Notwithstanding subdivision (a), if (1) the National Association of State Boards of Accountancy (NASBA) adopts enforcement best practices guidelines, (2) the board, upon a majority vote at a regularly scheduled board meeting, issues a finding after a public hearing that those practices meet or exceed the board's own enforcement practices, (3) a state has in place and is operating pursuant to enforcement practices substantially equivalent to the best practices guidelines, and (4) disciplinary history of a state's licensees is publicly available through the Internet in a manner that allows the board to link consumers to an Internet Web site to obtain information at least equal to the information that was previously available to consumers through the practice privilege form filed by out-of-state licensees pursuant to former Section 5096, as added by Chapter 921 of the Statutes of 2004, no practice privilege form shall be required to be filed by any licensee of that state as required by subdivision (a), nor shall the board be required to report on that state to the Legislature as required by subdivision (d).

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this section no later than July 1, 2015. The board shall, prior to January 1, 2016, and thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section.

(2) This subdivision shall become inoperative on July 1, 2017, pursuant to Section 10231.5 of the Government Code.

(e) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board.

(f) On or before January 1, 2018, the board shall prepare a report to be provided to the relevant policy committees of the Legislature, the director, and the public, upon request, that, at minimum, explains in detail all of the following:

(1) How the board has implemented this article and whether implementation is complete.

(2) Whether this article is, in the opinion of the board, more, less, or equivalent in the protection it affords the public than its predecessor article.

(3) Describes how other state boards of accountancy have addressed referrals to those boards from the board, the timeframe in which those referrals were addressed, and the outcome of investigations conducted by those boards.

(g) This section shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.



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CBA Item IV.D.
November 21-22, 2013

Update on the CBA 2013-2015 Strategic Plan

Presented by: Matthew Stanley, Legislation Analyst

Date: October 15, 2013

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with an update regarding the ongoing implementation of its 2013-2015 Strategic Plan.

Action(s) Needed

No action is required on this item.

Background

At its September 2012 meeting, the CBA approved its 2013-2015 Strategic Plan (**Attachment 1**). New goals and objectives for the next three years were developed, while the Mission, Vision, and Core Values & Guiding Principles were left intact.

Each of the objectives have been assigned to staff, and, at this point, each objective has had a project outline developed detailing how it will be implemented over the course of the next three years. All of the objectives are at some stage of completion, and one, Objective 3.2 – Implement practice privilege, has been achieved.

Many of the objectives are of a continual or ongoing nature such as Objective 3.1 – Maintain reasonable timeframes for processing license renewals. For these, staff will be continually working to ensure that the objective is being accomplished.

Comments

Staff would like to highlight a few of the objectives where significant progress has been made, or a significant step has been taken towards accomplishing the objective.

Objective 1.4 – Reduce internal CBA investigative timeframes and work collaboratively with the Office of the Attorney General (AG) to both reduce timeframes and improve the overall process.

As the CBA is aware, reducing investigative timeframes has been a priority topic for several years, and the CBA has seen significant improvement in this area. Staff continues to examine the processes it uses to find further efficiencies that can be utilized to continue reducing internal timeframes. Staff are now focusing on strategies that will assist in reducing external processing timeframes. Some preliminary steps

Update on the CBA 2013-2015 Strategic Plan

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have been taken, which include ensuring CBA staff have follow-up procedures in place at specific time intervals to ensure cases pending with the AG are being processed in a timely fashion and that the AG has all the needed information to move forward. Additionally, staff are presently working to increase communications with the AG and other external agencies involved in the enforcement process to further improve the collaborative working relationships.

Objective 2.3 – Continue to provide responses to customer service feedback.

Every year, staff analyze the feedback received from the customer satisfaction survey, including feedback from consumers, licensees, applicants and other stakeholders, to determine what is working well and what may need improvement. Staff are in the process of analyzing last year's questions from the customer service feedback form and are assessing which questions to keep and what new questions should be asked. When possible, staff provide direct answers to feedback received and regularly consider suggestions offered through the process. Due to the importance of customer service, customer service feedback is now a regular part of the CBA's Annual Report.

Objective 3.2 – Implement a new practice privilege program following the passage of Senate Bill 1405.

This objective has been completed, and the new practice privilege program was implemented on July 1, 2013. There are a few individual tasks that remain such as the CBA's ongoing effort to finalize its emergency regulations, but overall, the program has been implemented.

Objective 3.3 – Implement the new educational requirements for CPA licensure beginning January 1, 2014, which includes 30 units of education in the areas of accounting and ethics study, as well as address any transition issues.

The majority of this item involved various forms of outreach which has been ongoing for over a year and will continue until the new requirements are fully in place and beyond. Outreach has been through Facebook events, social media postings, presentations to faculty and students, and mailings. Additionally, staff have established an internal taskforce to work on training, develop documents, and to ensure that staff is equipped to effectively answer questions that may arise during the transition to the new requirements.

Objective 4.4 – Continue to leverage emerging technologies to reach consumers and licensees with relevant issues and key messages.

Already this year, the CBA has added LinkedIn and Pinterest accounts to its social media repertoire. In addition, the CBA continues to effectively utilize both Facebook and Twitter to get its message out to various stakeholder groups.

Objective 5.1 – Increase the CBA's visibility and reputation with the Legislature.

An important step was taken this year when several CBA members took the opportunity to visit the Legislature to share the CBA's message with members and staff. It is anticipated that another opportunity will be provided for CBA members to visit the Legislature early in 2014. In addition, staff will continue to provide position letters to the Legislature as the CBA takes positions on legislation, and staff will continue to work with

Update on the CBA 2013-2015 Strategic Plan

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legislative staff in order to communicate the CBA's views. Finally, future legislative visits for CBA members will be set as timing and opportunity provide.

Fiscal/Economic Impact Considerations

Due to the breadth of scope of the Strategic Plan, as individual objectives are considered by the CBA, the fiscal impact would be provided at that time.

Recommendation

Staff have no recommendation as no action is required on this item.

Attachment

2013-2015 Strategic Plan

CALIFORNIA BOARD OF ACCOUNTANCY

2013-2015
STRATEGIC PLAN



MEMBERS OF THE BOARD

MARSHAL A. OLDMAN, ESQ., *President*

LESLIE J. LAMANNA, *CPA, Vice President*

MICHAEL M. SAVOY, *CPA, Secretary/Treasurer*

SARAH (SALLY) ANDERSON, CPA

DIANA L. BELL

ALICIA BERHOW

MICHELLE R. BROUGH, ESQ.

DONALD A. DRIFTMIER, CPA

HERSCHEL T. ELKINS, ESQ.

LAURENCE (LARRY) KAPLAN

LOUISE KIRKBRIDE

KITAK (K.T.) LEUNG, CPA

MANUEL RAMIREZ, CPA

DAVID L. SWARTZ, CPA

EDMUND G. BROWN JR, *Governor*

ANNA CABALLERO, *Secretary, State and Consumer Services Agency*

DENISE BROWN, *Director, Department of Consumer Affairs*

PATTI BOWERS, *Executive Officer*



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 (PAs).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

In 1971, the Legislature located the California Board of Accountancy (CBA) within the newly-created Department of Consumer Affairs. The CBA currently regulates over 84,000 licensees and 5,000 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, and registers accountancy firms. The CBA's License Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain a currency of professional knowledge to competently practice public accountancy.

Through its Practice Privilege Program, the CBA registers out-of-state CPAs who do not maintain a principal place of business in California to practice public accountancy in California if they meet one the following sets of criteria: 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, 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, or have continually practiced public accountancy under a valid license issued by any state for at least four of the last 10 years. With the signing of Senate Bill 1405 and beginning July 1, 2013, the Practice Privilege Program will be substantially changed to allow most out-of-state CPAs to practice public accountancy in California with no notice and no fee. In limited circumstances, out-of-state CPAs will need to obtain CBA approval prior to practicing, and accounting firms performing specified services for companies headquartered in California will need to obtain licensure.

The objective of the CBA Enforcement Program is to protect consumers, minimize substandard practice, and rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only individuals, but firms as well. 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, the program monitors compliance with continuing education and peer review 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 the General Fund.





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.



OUR VALUES

Consumer Protection

The CBA will make effective and informed decisions in the best interest and for the safety of consumers.

Integrity

The CBA will act in an honest, ethical, and professional manner in all endeavors, and fully disclose all pertinent information.

Quality and Professionalism

The CBA will ensure that qualified, proficient and skilled staff provide services to CBA stakeholders. The CBA will deliver high quality service, information, and products that reflect excellence and professionalism.

Transparency

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 CBA stakeholders.

Implemented a Mandatory Peer Review Program.

The CBA implemented a mandatory Peer Review Program effective January 1, 2010. Peer Review is a study of a firm's accounting and auditing work by an unaffiliated CPA following professional standards. Since implementation, over 46,000 licensees have fulfilled their peer review reporting requirement, which further supports the CBA's consumer protection mandate by ensuring licensees are performing specified accounting work in accordance with professional standards.

Implemented Changes to the Continuing Education Requirements for Licensees, Including the Completion of Ethics Education.

Effective January 1, 2010, the CBA implemented changes to the continuing education (CE) requirements for CPA license renewal. Specifically, licensees seeking to renew a license in an active status are required to complete four hours of ethics education focused on a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities, case-based instruction focusing on real-life situational learning, ethical dilemmas facing the accounting profession, and business ethics, ethical sensitivity, and consumer expectations.

Additionally, licensees must complete a two-hour, Board-approved Regulatory Review course if more than six years have lapsed since they last completed a Board-approved Regulatory Review or Professional Conduct and Ethics (PC&E) course.

Effective January 1, 2012, as part of the total 80 hours of CE required to renew a license in an active status, licensees were required to complete a minimum of 20 hours of CE, including a minimum of 12 hours in technical subject matter, in each year of the two-year license renewal period.

Began Implementation to a Single Pathway for CPA Licensure as a Result of Senate Bill 819, Making the CBA a Substantially Equivalent State.

Senate Bill (SB) 819 (Chapter 308, Statutes of 2009) established a sunset date of January 1, 2014 for CPA licensure via Pathway 1, while at the same time requiring refinement of the requirements that comprise Pathway 2. Specifically, beginning January 2014, SB 819 requires that an additional 30 of the 150 semester units of education be further defined, with 10 semester units of ethics study and 20 units of accounting study.

Preliminary activities for implementation included outreach via social media, UPDATE newsletter articles, and participation in webinars with the CBA and California Society of CPAs. Additionally, the CBA has posted, and continues to post, information on the

CBA website to assist students, faculty and applicants in understanding the changes to the educational requirements. The CBA also hosted two open house events in January and March 2012, inviting faculty, students, and other interested parties to attend a presentation on the educational changes and provided an open forum to ask questions of CBA members and staff. CBA members and leadership were key participants in both open houses.

Effectively Maintained Involvement in Legislative Activities.

The CBA continued to increase its involvement in the legislative process to further promote consumer protection initiatives as well as programs to assist licensees. This resulted in legislation establishing peer review as a permanent program and establishing a retired status for CPAs.

Reduced Fees for CBA Licensees.

Beginning July 1, 2011, the CBA successfully implemented a 40 percent reduction in license renewal fees for CPAs and accounting firms. This reduction was made to address stabilization of the CBA's revenues and expenditures.

Obtained Full Staffing within the CBA Organization.

The CBA successfully filled key leadership and enforcement positions within the CBA organization. Additionally, management optimized or reallocated resources to ensure programs were adequately staffed and operating.

Increased Information Services and Distribution of Information.

The CBA successfully used social media to deliver key messages to stakeholders. Additionally, the CBA participated in several speaking engagements, including hosting two open houses that focused on the new educational requirements for CPA licensure. Focusing on consumers, the CBA revamped the Consumer Assistance Booklet to provide key resource information regarding the practice of public accountancy.

Assessed Administrative Penalties Consistently.

Through its enforcement actions, the CBA consistently issued appropriate administrative penalties to licensees who violated the Accountancy Act and CBA Regulations.

Achieved Reduction in Examination and Licensing Processing Timeframes.

CBA's Licensing Division staff consistently processed both examination and licensing applications in under 30 days.

OVERVIEW OF STRATEGIC PLAN

This Strategic Plan identifies seven goals and 28 objectives developed to enable the CBA to meet its mandates identified in the Accountancy Act (California Business and Professions Code, Section 5000 (et seq.)) and CBA Regulations (Title 16, Division 1, California Code of Regulations,), as well as the policy directions of CBA Board members.

Protection of the public shall be the CBA's highest priority in exercising its licensing, regulatory, and disciplinary functions. In meeting its mandate and mission, the CBA also strives to deliver the highest standards of service to all concerned, affected, and interested stakeholders.

The CBA's stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.

This Strategic Plan is the outcome of pre-development work by the Strategic Planning Committee and a Strategic Plan Workshop facilitated by the Department of Consumer Affairs' Strategic Planning Unit, which included CBA members, management, and staff. The Strategic Plan is intended to be staged over a three-year period and will be updated as warranted.



GOALS AND OBJECTIVES

GOAL 1 - Enforcement

Maintain an active, effective, and efficient program to maximize consumer protection.

OBJECTIVES

- 1.1 Continue to interface with other regulatory agencies to assist with the CBA's enforcement responsibilities.
- 1.2 Expand fieldwork of CBA investigators.
- 1.3 Increase licensees' awareness of the consequences of unprofessional conduct.
- 1.4 Reduce internal CBA investigative timeframes and work collaboratively with the Office of the Attorney General to both reduce timeframes and improve the overall process.
- 1.5 Continue to educate licensees on their due process rights.
- 1.6 Ensure licensees are complying with mandatory Peer Review requirements.

GOAL 2 - Customer Service

Deliver the highest level of customer service.

OBJECTIVES

- 2.1 Continue to respond to all inquiries within a reasonable timeframe.
- 2.2 Maintain a high level of professionalism when following procedures and interacting with stakeholders.
- 2.3 Continue to provide responses to customer service feedback.

GOAL 3 - Licensing

Maintain an active, effective, and efficient program that maximizes customer service to Uniform CPA Examination candidates, applicants for CPA licensure, and licensees.

OBJECTIVES

- 3.1 Maintain reasonable timeframes for processing license renewals.

- 3.2 Implement a new practice privilege program following the passage of Senate Bill 1405.
- 3.3 Implement the new educational requirements for CPA licensure beginning January 1, 2014, which include 30 units of education in the areas of accounting and ethics study, as well as address any transition issues.

GOAL 4 - Outreach

Provide and maintain effective and timely outreach to all CBA stakeholders.

OBJECTIVES

- 4.1 Continue to conduct educational workshops in various regions of the State.
- 4.2 Maintain a communication plan that increases and prioritizes outreach efforts and focuses on relevant issues and key messages.
- 4.3 Address Board members' and staff's ability to have more flexibility to provide outreach and education to stakeholders.
- 4.4 Continue to leverage emerging technologies to reach consumers and licensees with relevant issues and key messages.

GOAL 5 - Laws and Regulations

Maintain an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.

OBJECTIVES

- 5.1 Increase the CBA's visibility and reputation with the Legislature.
- 5.2 Promote the CBA's position on legislation and public policy consistent with the CBA's goals and objectives.
- 5.3 Increase liaison communications with other agencies that impact the CBA's objectives, and provide reports regarding the communications at future CBA meetings (e.g., FTB, DCA, SCO, SEC, and IRS).

GOAL 6 - Emerging Technologies

Improve efficiency and information security through use of existing and emerging technologies.

OBJECTIVES

- 6.1 Apply best practices to safeguard the confidentiality, integrity, and, when appropriate, availability of CBA's information assets.
- 6.2 Prepare for transition to document imaging.
- 6.3 Provide the option for an online application process for licensure and license renewal, and accepting credit card payments.
- 6.4 Continue to transition the CBA's website to the standards of the State Portal's architecture and functionality.
- 6.5 Maintain a secure and relevant website that provides enhanced interactive features.
- 6.6 Continue to enhance technology to improve customer service.
- 6.7 Execute an option for delivering agenda materials electronically when appropriate.

GOAL 7 - Organizational Effectiveness

Maintain an efficient and effective team of leaders and professionals by promoting staff development and retention.

OBJECTIVES

- 7.1 Maintain management and staff succession plans.
- 7.2 Include CBA and committee succession information within the CBA's Guidelines and Procedure Manual and continue to communicate and encourage participation to those who are qualified.



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**CBA Item IV.E.**

November 21-22, 2013

Update on the CBA 2013-2015 Communications and Outreach Plan**Presented by:** Lauren Hersh, Information & Planning Manager**Date:** November 6, 2013**Purpose of the Item**

The purpose of this agenda item is to keep California Board of Accountancy (CBA) members informed of communications and outreach efforts and activities.

Action(s) Needed

No specific action is required on this agenda item.

Background

As requested by the CBA, staff is providing regular updates regarding the communications and outreach activities which have taken place since the last CBA meeting.

Comments**Social media**

CBA's social media platforms continue to be important public outreach tools. Recently, the CBA was quick to post information on expected delays in the delivery of Uniform CPA Exam results due to server problems at the American Institute of Certified Public Accountants (AICPA), which assisted those CBA fans and followers affected with real-time information and status updates. The information was quickly shared among our fans and followers, including professional organizations and blogs.

Fans and followers also waited for news of Senate Bill (SB) 823, and within moments of the Governor's signing, staff posted and tweeted the news of the new law. Our message went viral on Facebook in the accounting and education communities, and we received positive feedback from those directly affected by the new law. The message was also shared via Twitter and LinkedIn within the professional community. The popular accounting blog, Going Concern, ran a positive story on SB 823 and the CBA, including a mention of the CBA's responsiveness and helpfulness to those who may have further questions about the new law.

Since the last CBA meeting, the number of fans and followers increased by 35 percent, with engagement increased by approximately 33 percent. As staff continues to mine

Update on the CBA 2013-2015 Communications and Outreach Plan

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the data, interesting information emerges. For instance, the breakdown of our Facebook followers by gender mirrors Facebook fans in general – 46 percent female and 54 percent male. However, a noticeably larger percentage of CBA fans are in the 25 – 34 year old group (28 percent) and 35 – 44 year old group (10 percent) compared to the entire Facebook population (14.8 percent and 7 percent, respectively.)

Information such as this is utilized in tailoring content to early – mid career professionals and consumers in these age ranges. Content reflects the type of information they find helpful, but also recognizes cultural references to which they may be most responsive.

While our Pinterest likes and re-pins reflect the largely female demographic of Pinterest, our infographics and aspirational pins are frequently liked and re-pinned by professional organizations, as well as CPA and career firms (AICPA, This Way to CPA, Florida Institute of CPAs, Robert Half Finance, Brazen Careerist). Now that Pinterest allows for pinning of content such as publications, staff is working on getting the next edition of *UPDATE* pinned to one of CBA's Pinterest boards, allowing for increased electronic distribution of *UPDATE*.

LinkedIn

Launched in August, CBA's LinkedIn activities continue to grow. LinkedIn is a good vehicle to promote the CBA brand and activities to leaders in the profession, as well as business writers for national and statewide publications. Postings are a mix of news and information from the CBA, as well as links to thought-provoking articles on leadership and issues of interest. At this writing, the CBA has 91 direct contacts. Staff does not currently issue invitations to licensees other than CBA members and committee members, but will accept invitations from licensees. Staff has reached out to others in state government with whom the CBA has had or has a relationship, as well as agencies with which we seek to augment outreach efforts, such as Franchise Tax Board, Board of Equalization and the State Controller's Office.

Press Releases

Press releases and advisories are now being shared via social media as well as through traditional distribution methods. In addition to reaching reporters who follow us on Twitter, it provides the public with another opportunity to access information directly from the CBA.

Press Releases	2011	2012	YTD
Press advisories & topical news releases	19	19	17
Enforcement press releases	31	35	50
Total	50	54	62

Update on the CBA 2013-2015 Communications and Outreach Plan

Page 3 of 3

E-News

E-News subscriptions have increased by nearly 1,500 since the last report. The table below indicates the number of subscribers by areas of interest, with many subscribers choosing more than one area of interest. The increases are reflected in the number of total subscribers. The largest increase is California Licensees, with 242 new subscriptions, followed by UPDATE Publication with 194 new subscribers and Statutory/Regulatory with 179 new subscriptions.

List Name	External	Internal	Total
California Licensee	9,219	52	9,271
Consumer Interest	4,246	56	4,302
Examination Applicant	2,752	43	2,795
Licensing Applicant	3,330	47	3,377
Out-of-State Licensee	2,202	45	2,247
Statutory/Regulatory	7,381	60	7,441
CBA Meeting Info & Agenda Materials	3,416	38	3,454
UPDATE Publication	6,878	20	6,898
Total subscriptions	39,424	361	39,785

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff has no recommendation on this item.

**California Board of Accountancy
Report on Licensing Division Activity
As of October 31, 2013**

Licensee Population

Type of License	As of June 30, 2012	As of June 30, 2013	As of October 31, 2013
CPA	84,712	87,015	87,966
PA	122	105	98
Partnership	1,414	1,431	1,446
Corporation	3,718	3,835	3,878

Customer Service

Telephone Calls Received	FY 2011/12	FY 2012/13	FY 2013/14
Examination Unit	20,511	22,610	7,984
Initial Licensing Unit	19,399	24,006	10,018
License Renewal/Continuing Competency Unit	21,579	20,958	7,440
Practice Privilege Unit	882	921	229

Emails Received	FY 2011/12	FY 2012/13	FY 2013/14
Examination Unit	10,042	11,551	4,144
Initial Licensing Unit	7,913	9,670	4,539
License Renewal/Continuing Competency Unit	8,192	9,601	3,904
Practice Privilege Unit	1,516	583	80

Examination Unit

- On Friday, October 11, 2013, the Examination Unit manager performed a comprehensive site visit at the Prometric test center location in San Jose, California, as part of the National Association of State Boards of Accountancy 2013 audit.
- The Examination Unit is in the process of updating all correspondence and resource materials to include information regarding the effect Senate Bill 823 will have on the examination process.
- The Examination Unit continues to process first-time applications to sit for the Uniform CPA Examination within 30 days for first-time sitters and 10 days for repeat sitters.

**California Board of Accountancy
Report on Licensing Division Activity
As of October 31, 2013**

CPA Examination Applications	FY 2011/12	FY 2012/13	FY 2013/14
First-Time Sitter			
Total Received	7,243	7,175	2,271
Total Processed	7,765	9,210	3,744
Average Days to Process	21	23	26
Repeat Sitter			
Total Received	17,606	18,584	6,271
Total Processed	17,775	18,685	6,284
Average Days to Process	7	8	6

CPA Examination Special Requests	FY 2011/12	FY 2012/13	FY 2013/14
Conditional Credit and Notice to Schedule Extensions*			
Total Received	*	114	54
Total Completed	*	104	60
Average Days to Process	*	16	22
Educational Qualification Appeals**			
Total Received	**	40	19
Total Completed	**	37	19
Average Days to Process	**	20	22
Special Accommodation Requests**			
Total Received	**	69	49
Total Completed	**	69	54
Average Days to Process	**	8	17

* These statistics were not tracked prior to January 1, 2013.

** These statistics were not tracked prior to April 1, 2013.

**California Board of Accountancy
Report on Licensing Division Activity
As of October 31, 2013**

Initial Licensing Unit

- Initial Licensing Unit (ILU) and Examination Unit staff continue to participate in training sessions in preparation of the new educational requirements set to take effect January 1, 2014. Staff are also developing template Facebook and Twitter posts to continue to get the message out regarding the new educational requirements and the implications of the recent passage of Senate Bill 823.
- ILU staff is revising materials associated with the new CE requirements for stale-dated experience and license reissuance, including the handbook and various website materials. An article regarding the new requirements will be included in the fall edition of *UPDATE*.
- The ILU continues to process initial applications for licensure within 30 days.

Individual License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Certified Public Accountant			
Total Received	3,594	3,654	1,817
Total Processed	3,241	3,474	1,457
Average Days to Process	15	25	25

Method of Licensure			
Pathway 0	12	4	0
Pathway 1 – attest	405	416	151
Pathway 1 – general	499	543	239
Pathway 2 – with attest	795	756	292
Pathway 2 – without attest	1,530	1,755	775

Certifications			
Total Received	1,237	1,073	339
Total Processed	1,237	1,073	284
Average Days to Process	20	20	23

**California Board of Accountancy
Report on Licensing Division Activity
As of October 31, 2013**

Firm License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Corporation			
Total Received	257	221	64
Total Processed	223	174	49
Average Days to Process	8	14	15
Partnership			
Total Received	125	89	43
Total Processed	106	70	32
Average Days to Process	8	14	15
Fictitious Name Permit			
Total Received	178	169	42
Total Processed	156	105	36
Average Days to Process	8	14	15

License Renewal and Continuing Competency Unit

- The License Renewal and Continuing Competency (RCC) Unit is preparing to send out notification letters by the end of October to those licensees with an expiration date of January 31, 2014 who are subject to the new fingerprint requirement.
- RCC staff continues to develop and refine the processing procedures as it relates to the fingerprint, peer review reporting, and the fraud continuing education requirements.
- The RCC Unit is presently reviewing all of its standard correspondence, including letters regarding renewal-related deficiencies and all types of special requests, to ensure information is clear and concise, and that staff are providing the highest level of customer service.

**California Board of Accountancy
Report on Licensing Division Activity
As of October 31, 2013**

License Renewal	FY 2011/12	FY 2012/13	FY 2013/14
Total Licenses Renewed			
Certified Public Accountant	38,329	38,334	13,694
Public Accountant	20	25	2
Corporation	653	579	190
Partnership	1,654	1,560	522
License Renewal Verification			
CPA/PA Applications Reviewed	44,749	36,927	13,922
Deficient Applications Identified	4,233	4,064	1,221
Compliance Responses Received	3,502	3,453	1,237
Outstanding Deficiencies	675	558	443
Enforcement Referrals	56	53	35

Practice Privilege Unit

- As of July 1, 2013, all out-of-state accounting firms that intend to perform any of the below services for an entity headquartered in California must first obtain a registration from the CBA.
 - An audit or review of a financial statement
 - A compilation of a financial statement when it is expected, or reasonably might be expected, that a third party will use the financial statement and the compilation report does not disclose a lack of independence
 - An examination of prospective financial information
- The out-of-state accounting firm registration forms are processed in the Initial Licensing Unit. The below chart illustrates the workload associated with this new registration requirement.

Practice Privilege	FY 2011/12	FY 2012/13	FY 2013/14
Out-of-State Accounting Firm Registrations			
Total Approved	--	--	90
Total Pending Review	--	--	4
Total Enforcement Referrals	--	--	5

California Board of Accountancy Enforcement Activity Report

Report as of October 31, 2013

Complaints

The Enforcement Division has received 1,946 complaints in fiscal year (FY) 2013/14 and assigned 1,894 for investigation. The increase in complaints received since the last reporting period is due to the Peer Review Program preparing to issue citations and fines to the final group of licensees who failed to respond to the CBA regarding the required Peer Review Reporting Form.

1.1 – Complaints/Records of Convictions	FY 2011/12	FY 2012/13	FY 2013/14 ¹
Received	1,911	3,271	1,946
<i>Internal – Peer Review (Failure to Respond)</i>	872	1,800	1,483
<i>Internal – Peer Review (Other)</i>	58	508	125
<i>Internal – All Other</i>	503	510	210
<i>External</i>	478	453	128
Assigned for Investigation	1,626	2,951	1,894
Closed – No Action	294	329	51
Average Days from Intake to Closure or Assignment for Investigation	4	3	2
Pending	12	3	2
Average Age of Pending Complaints (days) ¹	16	3	8

¹ Represents point in time data as of October 31, 2013.

Comments

- The CBA has received 338 non-peer review complaints in the current fiscal year.
- Peer Review (Other) complaints typically include investigation of failed peer review reports, failure to comply with the requirements of the deficiency process, and other violations that result from peer review.
- On average, staff assigned complaints to an investigator within two days of receipt.
- In the current fiscal year, approximately 97 percent of complaints received were opened for investigation, which is an increase from the previous fiscal year rate of 90 percent.

Investigations

The CBA Enforcement Division assigned 1,894 cases for investigation in the current fiscal year. Enforcement staff closed 390 investigations, and there are currently 2,029 cases assigned for investigation.

2.1 – Investigations	FY 2011/12	FY 2012/13	FY 2013/14 ¹
Assigned	1,626	2,951	1,894
<i>Internal – Peer Review (Failure to Respond)</i>	872	1,794	1,483
<i>Internal – Peer Review (Other)</i>	58	437	125
<i>Internal – All Other</i>	335	361	170
<i>External</i>	361	359	116
Closed	1,525	2,872	390
Average Days to Close	85	73	113
Investigations Pending	439	518	2,029
<i>< 18 Months</i>	384	500	1,994
<i>18-24 Months</i>	26	17	29
<i>> 24 Months</i>	29	1	6
Average Age of Open Cases (days)	248	166	63
Median Age of Open Cases (days)	164	104	12

¹ Represents point in time data as of October 31, 2013.

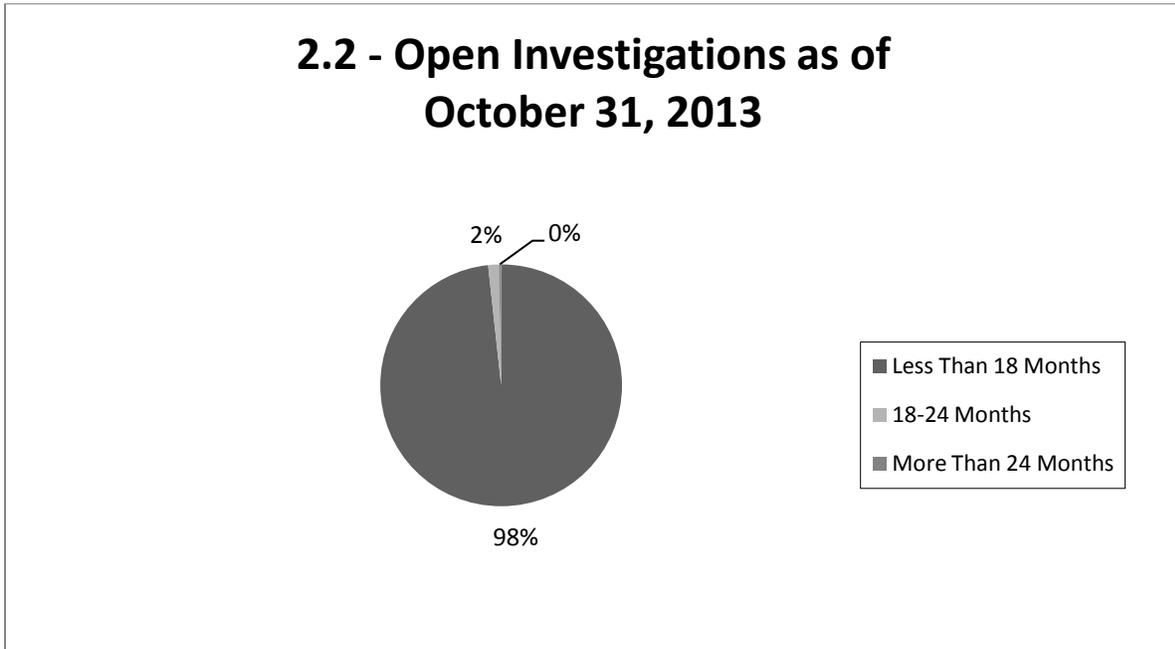
Comments

- The Average Days to Close investigations has increased from 73 in the previous fiscal year to 113. The increase is primarily due to closing approximately 60 investigations that exceeded 200 days as investigative staff work to close aging cases.
- Six cases have been open for more than 24 months. The status for each of the cases is as follows:
 - Three investigations are ongoing. It is anticipated that at least one investigation will be completed in the next 30 days.
 - Two investigations are pending referral to the Attorney General's Office (AG), following Investigative Hearings.
 - One investigation is scheduled for an Investigative Hearing.

Enforcement management is actively working with staff to prioritize and complete cases that have been open for over 24 months. These cases are the more complex investigations and often require additional time to resolve.

- The number of investigations pending increased from 501 to 2,029 since the last report due to the Peer Review investigations. However, 1,483 cases will be closed when citations are issued on November 12, 2013.

Chart 2.2 illustrates the percentage of total open cases by length of time. Approximately 100 percent of investigations have been open for less than 24 months; two percent of investigations have been open for 18 to 24 months. It should be noted that six cases have been open for more than 24 months, however they represent less than one percent of the total, and therefore are rounded down to zero.



Discipline

The Enforcement Division referred 16 complaints to the AG's Office in FY 2013/14. Twelve accusations have been filed. There are currently 63 cases pending at the AG's Office, with four pending for more than 24 months.

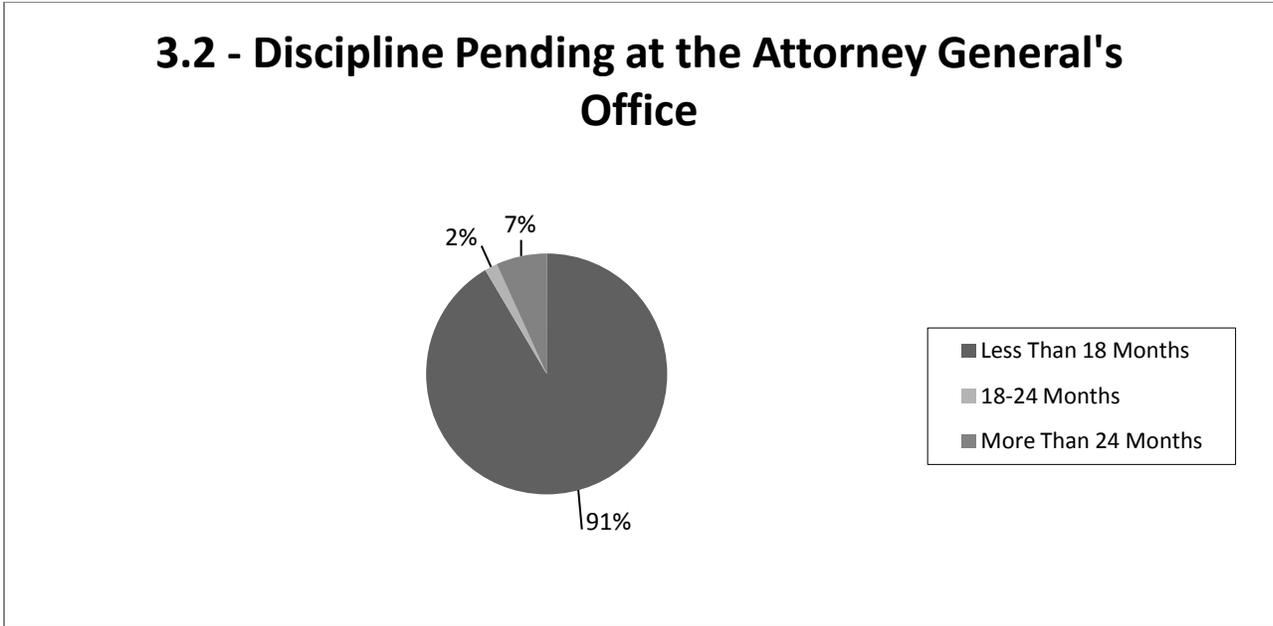
3.1 - AG Referrals	FY 2011/12	FY 2012/13	FY 2013/14
Referrals	50	62	16
Accusations Filed	37	50	12
Statements of Issues Filed	2	3	0
Petitions for Revocation of Probation Filed	3	3	4
Closed	26	58	12
<i>Via Stipulated Settlement</i>	19	39	8
<i>Via Proposed Decision</i>	3	5	0
<i>Via Default Decision</i>	4	14	4
Discipline Pending ¹	54	57	59
<i>< 18 Months</i>	44	52	54
<i>18-24 Months</i>	3	2	1
<i>> 24 Months</i>	7	3	4

¹ Represents point in time data as of October 31, 2013.

Comments

- There are four cases that have been at the AG's Office for more than 24 months:
 - One of the cases had a writ filed with the California Superior Court, and a Superior Court hearing was held in June. The Court issued a tentative decision in September 2013, and staff is waiting for the final decision.
 - One will be considered by the CBA at the November 21-22, 2013, meeting.
 - Another case has been set for an administrative hearing in 2014.
 - Staff is actively working with opposing counsel on settlement terms for the final case. The administrative hearing is set for May 2014.
- The CBA has adopted eight stipulated settlements and four default decisions in FY 2013/14.

Chart 3.2 illustrates the number of cases pending at the AG's Office by percentage. Approximately 93 percent of all CBA cases at the AG's Office have been open less than 24 months, two percent have been pending 18-24 months, and seven percent have been pending more than 24 months.



Citations and Fines

CBA Regulation 95 authorizes the CBA Executive Officer to issue a citation to licensees for violations of the Accountancy Act or CBA Regulations in lieu of formal disciplinary action. Since the beginning of FY 2013/14, twelve citations, with a total fine amount of \$10,750, have been issued by the Enforcement Division.

4.1 – Citations	FY 2011/12	FY 2012/13	FY 2013/14
Total Citations Issued	908	1,883	12
Total Fines Assessed	\$255,350	\$532,400	\$10,750
<i>Peer Review (Failure to Respond)</i>	872	1,800	0
<i>Peer Review Fines Assessed</i>	\$217,850	\$450,000	\$0
<i>Other Citations</i>	36	83	12
<i>Other Fines Assessed</i>	\$37,500	\$82,400	\$10,750
Average number of days from receipt of a complaint to issuance of a citation	22	67	309
Top 3 Violations			
1:	Response to CBA Inquiry (Reg 52)	Response to CBA Inquiry (Reg 52)	Response to CBA Inquiry (Reg 52)
2:	CE Basic Requirements (Reg 87)	CE Basic Requirements (Reg 87)	CE Basic Requirements (Reg 87)
3:	Name of Firm (B&P 5060)	Practice Without Permit (B&P 5050)	Name of Firm (B&P 5060)

Comments

- The average number of days from receipt to citation has increased from the previous report. The previous two fiscal years include citations issued for failure to respond to CBA inquiry regarding peer review reporting. Those citations are generally issued within 30 days of opening the investigation, which results in lowering the average. Staff anticipates the number of days will normalize as the sample size increases.

Probation Monitoring

Once the disciplinary process is complete, the matter is referred to a CBA Probation Monitor for tracking and compliance with the terms of probation. Staff held probation meetings in conjunction with the October Enforcement Advisory Committee (EAC) meeting, and met with five new probationers. The next probation meetings will be held in conjunction with the EAC meeting in December 2013. There are currently 60 licensees on probation.

Peer Review

As of August 31, 2013, 61,243 Peer Review Reporting Forms have been submitted to the CBA. The reporting forms are categorized as follows:

5.1 - Peer Review						
License Ending In	Reporting Deadline	Peer Review Required	Peer Review Not Required	Not Applicable (Non-firms)	Total	Licensees Still Needing to Report
01-33	7/1/11	2,590	4,300	15,751	22,641	300
34-66	7/1/12	2,119	4,003	13,109	19,231	576
67-00	7/1/13	1,938	3,803	13,630	19,371	2,112
		6,647	12,106	42,490	61,243	2,988

Comments

- Peer review staff mailed 4,146 letters to licensees who have not met their July 1, 2013 peer review reporting obligation. These licensees had 30 days to file the required form. Licensees who failed to file the required peer review reporting form will be subject to a citation and fine.
- On November 12, 2013, Enforcement staff will issue 1,483 citations to licensees who did not respond to CBA inquiries regarding peer review reporting. The citations will include a \$250 administrative fine.
- In accordance with CBA Regulation 40, effective January 1, 2014 reporting peer review will become a facet of license renewal.

Performance Measures

Attachment 1 is the performance measure report from the Department of Consumer Affairs (DCA). The CBA continues to meet or exceed all performance measures, with the exception of Goal 4, Formal Discipline. The CBA currently takes an average of 720 days to complete the entire disciplinary process, which exceeds the target of 540 days as set by the DCA. There are eight cases included in the performance measures report, with a median number of days of 800. Please note that the performance measure charts reflect data from July 1, 2013 to September 31, 2013, and therefore will not match this report.

Mobility

Effective July 1, 2013, the CBA implemented a no notice, no fee practice privilege model in California. Staff has been working diligently to implement all of the requirements of Senate Bill 1405, including modifications to the CBA website, creation of a mobility tracking system, and the establishment of internal policies and procedures for when a complaint or practice privilege form is received. The table below depicts the enforcement aspects of mobility, including the receipt and investigation of Practice Privilege Pre-Notification Forms and Notification of Cessation Event forms.

7.1 - Mobility	FY 2013/14
Pre-Notification Form Received	6
Cessation Event Form Received	0
SEC Discipline Identified	10
PCAOB Discipline Identified	1
Out-of-State Accounting Firm Registrants That Reported Other Discipline	4
Complaints against Practice Privilege Holders	0

Comments

- Of the six Pre-Notification Forms received, four were inadvertently completed by out-of-state licensees that did not have a pre-notification reporting requirement.
- Staff continues to monitor the Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) websites for discipline information. Staff has drafted informational letters to all CPAs who were disciplined from either entity to inform them that they must seek CBA authorization prior to practicing in California.

Division Highlights and Future Considerations

- The number of investigations open more than 24 months remains less than one percent of the total.
- Pending investigations have increased to 2,029, however that number will drop significantly once the citations for failure to respond to CBA inquiries regarding the peer review reporting requirement are issued.
- Approximately 1,483 citations for failure to respond to CBA inquiries regarding the peer review reporting requirement will be issued in mid November.

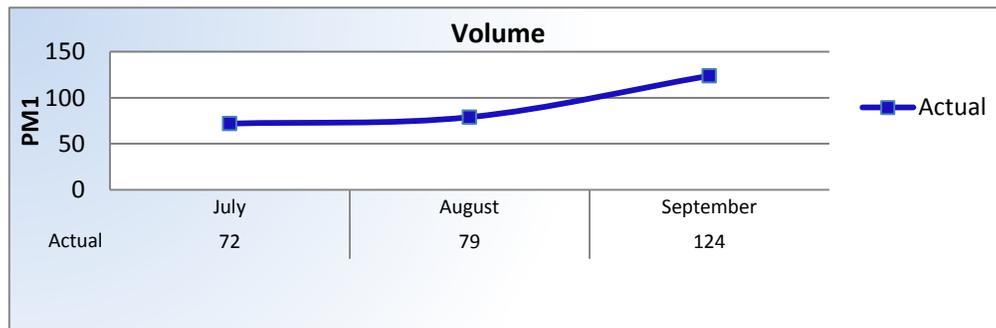
Performance Measures

Q1 Report (July - September 2013)

To ensure stakeholders can review the Board's progress toward meeting its enforcement goals and targets, we have developed a transparent system of performance measurement. These measures will be posted publicly on a quarterly basis.

PM1 | Volume

Number of complaints and convictions received.

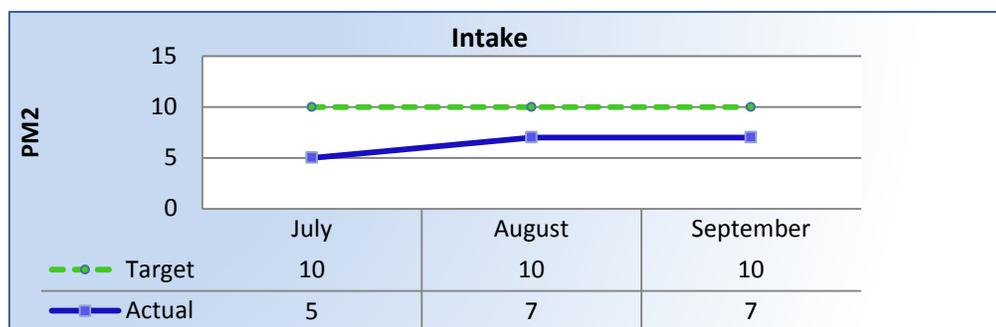


Total Received: 275 Monthly Average: 92

Complaints: 237 | Convictions: 38

PM2 | Intake

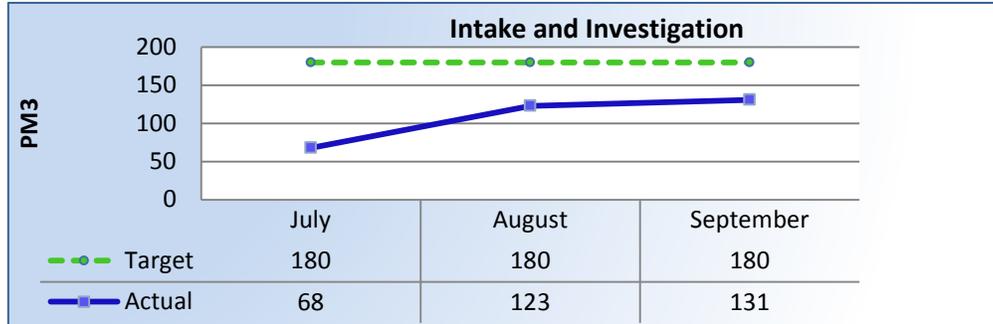
Average cycle time from complaint receipt, to the date the complaint was assigned to an investigator.



Target Average: 10 Days | Actual Average: 7 Days

PM3 | Intake & Investigation

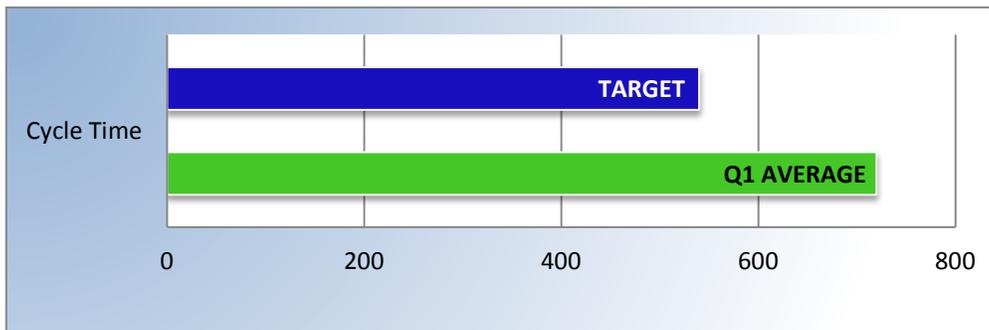
Average cycle time from complaint receipt to closure of the investigation process. Does not include cases sent to the Attorney General or other forms of formal discipline.



Target Average: 180 Days | Actual Average: 112 Days

PM4 | Formal Discipline

Average number of days to complete the entire enforcement process for cases resulting in formal discipline. (Includes intake and investigation by the Board and prosecution by the AG).



Target Average: 540 Days | Actual Average: 720 Days

PM7 | Probation Intake

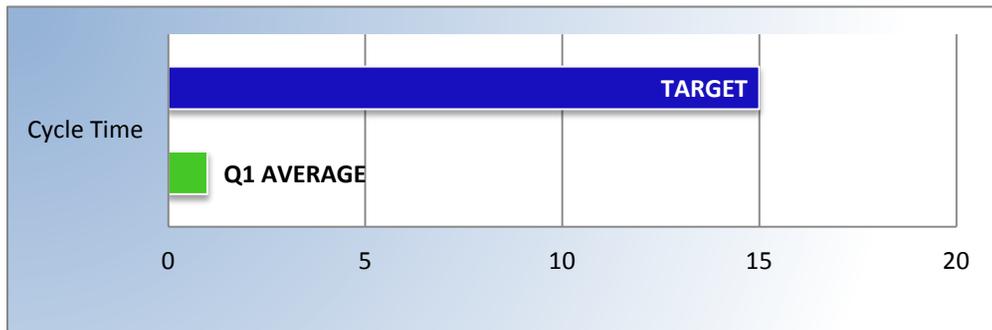
Average number of days from monitor assignment, to the date the monitor makes first contact with the probationer.



Target Average: 5 Days | Actual Average: 7 Days

PM8 | Probation Violation Response

Average number of days from the date a violation of probation is reported, to the date the assigned monitor initiates appropriate action.



Target Average: 15 Days | Actual Average: 1 Day

**DEPARTMENT OF CONSUMER AFFAIRS**

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**CPC Item II.**

November 21, 2013

CBA Item VII.A.2.

November 21-22, 2013

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure**Presented by:** Dominic Franzella, Chief, Licensing Division**Date:** October 17, 2013**Purpose of the Item**

The purpose of this item is to provide information to aid the California Board of Accountancy (CBA) in its discussion related to the possible acceptance of academia as qualifying experience for California certified public accountant (CPA) licensure.

Action(s) Needed

The CBA needs to determine whether academia experience should qualify toward the general accounting experience requirement. If the CBA decides to allow for academia experience to qualify, it also will need to develop a framework for how the experience would qualify.

Background

At the September 2013 CBA meeting, the CBA adopted the Taskforce to Examine Experience for CPA Licensure's (Taskforce) recommendation to explore the possibility of allowing academia to qualify as general accounting experience for CPA licensure. As part of its exploration, the CBA accepted the recommendation that the amount of academia experience should exceed a one-to-one ratio to experience obtained in other areas, and to address the following:

- who could sign off on academia experience
- whether teaching experience should be available to academics at both two- and four-year institutions
- institution accreditation

Comments

Prior to developing any framework as to how academia experience should qualify, the CBA must first determine whether sufficient grounds exist to allow this type of experience to qualify for California CPA licensure. As the CBA will need to sponsor legislation to amend California's experience requirements, articulating why it believes sufficient grounds exists to include academia as an area of qualifying experience will assist in securing a potential author and aid in the overall success of any bill.

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure

Page 2 of 6

If the CBA determines that there are sufficient grounds to accept academia, the next steps are to address the items listed below.

- how academia should be calculated
- who can sign off on this type of experience
- whether teaching experience should be available to academics at both two- and four-year institutions
- institution accreditation

If after deliberations the CBA elects to allow for academia experience to qualify, to assist the CBA in its evaluation of the above issues and develop an overall framework, staff has provided a summary regarding the 55 states/jurisdictions as it relates to their acceptance of academia experience in the **Attachment**.

Should Academia Experience Qualify for California CPA Licensure

During its deliberations, the Taskforce recognized value in allowing academia to qualify for licensure in California. Specifically, the Taskforce discussed the gap between theory and practice and how the allowance of academia could bridge this gap, benefiting students and the accounting profession. In light of the distinction between theoretical and practical experience, the Taskforce did recognize the challenge to define academia experience in a way that engages practical experience.

In giving consideration to the concern regarding theoretical and practical experience, the CBA could consider imposing a cap on the amount of experience an applicant could obtain in the area of academia. This would necessitate that the applicant also obtain more traditional work experience in the areas of public accounting, private industry or government.

As the CBA considers this topic, staff would like to highlight that the Uniform Accountancy Act (UAA) and 40 states/jurisdictions presently allow academia experience to qualify for licensure. Additionally, if academia is allowed to qualify toward general accounting experience, an individual that is licensed with this type of experience will be afforded the same rights as any other licensee issued a license with general accounting experience and will be held to the same professional and regulatory standards. Furthermore, if a licensee wishes to maintain the license in an active status, s/he will need to complete the same license renewal requirements as other California licensees, including the documentation of completing 80 hours of qualifying continuing education in CBA-prescribed subject matter.

How the Experience Should be Calculated

The question before the CBA on how academia experience should be calculated is twofold. First, the CBA must determine how the one year should be calculated (e.g. one year of fulltime employment, one calendar year of classroom instruction, or a defined

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure

Page 3 of 6

number of units taught). Second, the CBA must determine how one year of academia experience should compare to one year of general accounting experience obtained in other areas such as public accounting, private industry and government.

As for how the one year should be calculated, looking first to the UAA, it does not provide specific guidance as to how this type of experience should be calculated, however, as previously noted, staff has identified 40 states that accept academia. A summary is provided below regarding how these states calculate one year of academia experience.

- four states base it on fulltime employment (Arkansas, New York, Texas and North Carolina)
- two states define one year as equivalent to teaching 12 semester units in accounting courses (Colorado, Florida)
- two states define one year as equivalent to teaching 24 semester units in accounting courses (Iowa and Kentucky)
- one state bases it on teaching six semester units in accounting courses (Georgia)
- one state bases it on full-time employment teaching containing a minimum of 12 semester units of accounting in one year (South Carolina)
- 30 states do not specify how it should be calculated

As for the ratio of academia that should qualify, the CBA has initially accepted the Taskforce's recommendation that a ratio of academia experience should exceed one-to-one to public accounting, private industry and government experience. Based on the information staff obtained from the other state boards of accountancy, it appears all but three states allow for one year of academia experience to be equivalent to one year of general accounting experience. Staff could only find that Georgia, South Carolina and North Carolina have a ratio that exceeds one-to-one. Georgia and South Carolina calculate academia experience based on a five-to-one ratio to all other types of experience and North Carolina calculates academia based on a four-to-one ratio.

Who Can Sign Off on Academia Experience

For this area, the CBA will need to decide whether a CPA or non-CPA can sign off on the work. Additionally, the CBA will need to give consideration as to whether the signer should be the dean or department head at the institution. Several options are available when considering this area, such as requiring the signer to be a dean or department head be a CPA, requiring the signer to either be a CPA or the dean or department head (if not a CPA), or, simply, requiring the signer to be a CPA.

Presently in California, whether obtained in public or non-public accounting and in general accounting or attest, an applicant's experience must be completed under the

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure

Page 4 of 6

supervision of a licensee, who subsequently must sign off on the completed experience. For the experience to be considered supervised, the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.

To assist the CBA in evaluating who should be able to sign off on academia experience, again, based on the information found in the **Attachment**, a summary is provided below regarding what other states require for signing off on academia experience.

- 19 states require a CPA to sign
- five states require a CPA who is also the dean or department head to sign (Colorado, Louisiana, New York, Ohio, South Dakota)
- five states do not require the signer to be a CPA or the dean or department head (Georgia, Illinois, North Carolina, North Dakota, Virginia)
- four states indicated a case-by-case basis (Minnesota, Oklahoma, Washington, Wisconsin)
- three states allow for the dean or department head to sign (Florida, Iowa, and Wyoming)
- one state allows for either a CPA or dean or department head to sign (Texas)
- one state requires a CPA who is a professor to sign (New Mexico)
- two states staff was unable to obtain this information (Commonwealth of Northern Marian Islands, Puerto Rico¹)

It is important to note that for the 19 states that indicated simply a CPA must sign, based on the information staff was able to obtain, it appears to allow for the signer to be an outside CPA. For example, Tennessee will allow an outside CPA to sign off on the experience if s/he has direct knowledge of the applicant's work.

Whether Experience Should be Obtained at Two- or Four-Year Institutions

While the original Taskforce motion accepted by the CBA focused on two- and four-year institutions, it appears the actual issue before the CBA is lower division coursework versus upper division coursework. In California, two-year institutions (often referred to as community colleges) are prohibited from issuing units at an upper division level. In considering this area, the CBA must determine whether all or a portion of the experience earned could be obtained from teaching lower division coursework or whether all of the experience earned should be obtained from teaching upper division coursework.

¹ Staff did review the information available on the states' websites and the National Association of State Boards of Accountancy's Accountancy Licensing Library, as well as contacted the states directly; however, staff was unable to obtain the information.

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure

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As the CBA evaluates this area, it may wish to consider its present educational requirements for examination and licensure. The CBA presently accepts courses obtained at two- and four-year institutions when evaluating an applicant's education toward examination and licensure requirements, provided the institution is accredited by a national or regionally accepted accrediting agency. None of the California's present core accounting and business concentrations requires that an applicant complete a course at an upper division level. By definition, an upper division course depends largely on the institution and its definitions, but is typically a course that can be taken at the junior or senior level beyond the scope of general subject matter that may be obtained at the freshman and sophomore level.

Looking to the other states requirements regarding academia experience being earned at lower or upper division levels:

- 34 states did not specify that the coursework had to be taught at an upper division level or it was on a case-by-case basis
- three states required a portion of the coursework to be taught at an upper division level (Colorado, Florida, Georgia)
- three states required all of the coursework to be taught at an upper division level (North Carolina, Rhode Island, Texas)

Institution Accreditation

The final area of the recommendation adopted by the CBA for which it must address relates to the institutions accreditation. Again, looking to California's requirements for education as it relates to examination and licensure, an applicant must complete his/her education at an institution that is accredited by a regional or national accrediting agency.

According to the United States Department of Education's website, the "goal of accreditation is to ensure that education provided by institutions of higher education meets acceptable levels of quality." At a minimum, the CBA may wish to consider this accreditation standard in relation to acceptable academia experience.

Next Steps

If it elects to include academia experience as an option to qualify toward the requirements for California CPA licensure, it will require the CBA to pursue legislation and, most likely, require the CBA to establish the specifics of the framework via the rulemaking process. In considering timing of the possible addition of academia to the experience options, the CBA may wish to await the outcome of its further exploration related to the attest experience requirement and coordinate any necessary modifications at that time.

Discussion on Accepting Academia as Qualifying Experience for CPA Licensure

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Fiscal/Economic Impact Considerations

Staff will be better equipped to provide this information for the CBA's consideration after it decides on whether to allow academia experience to qualify and how the overall framework for the requirements are established.

Recommendation

Staff has no recommendation on this item.

Attachment

State Boards of Accountancy Acceptance and Requirements Regarding Experience Obtained via Academia

State Boards of Accountancy Acceptance and Requirements Regarding Experience Obtained via Academia

Attachment

Jurisdiction	Amount Required/ Ratio ¹	Qualifying Teaching Experience	Signer	Two-year Institution	Four-year Institution	Not Accepted
Alabama						✓
Alaska						✓
Arizona						✓
Arkansas	1 year, 1:1	Full-time basis teaching accounting courses	CPA	✓	✓	
California						✓
CNMI	2 years, 1:1	Not specified	*	*	*	
Colorado	1 year, 1:1	12 accounting semester units to include 6 upper division units	CPA who is the dean or department head	✓	✓	
Connecticut						✓
Delaware	1 year, 1:1	Not specified	CPA	*	*	
District of Columbia	*	Case by case	CPA	*	*	
Florida	1 year, 1:1	12 accounting semester units to include 6 upper division units	Dean or department head	✓	✓	
Georgia	5 years, 5:1	Minimum 6 upper division accounting units	CPA not required		✓	
Guam	2 years, 1:1. If baccalaureate degree, 1 year.	Not specified	CPA	*	*	
Hawaii	2 years, 1:1	Not specified	CPA	*	*	
Idaho						✓
Illinois	1 year, 1:1	Not specified	CPA not required	*	*	
Indiana ²	2 years, 1:1	Not specified	CPA	*	*	
Iowa	1 year, 1:1	24 accounting semester units	Dean or department head	✓	✓	
Kansas	1 year, 1:1	Not specified	CPA	*	*	
Kentucky	1 year, 1:1	24 accounting semester units	CPA	✓	✓	
Louisiana	1 year, 1:1	List of courses provided by the dean	CPA who is the dean	✓	✓	
Maine						✓

* Information not available

¹ The ratio provided is the amount of academia experience to general public accounting experience.

² Regulations indicate acceptance, but there are presently no procedures.

State Boards of Accountancy Acceptance and Requirements Regarding Experience Obtained via Academia

Jurisdiction	Amount Required/ Ratio ¹	Qualifying Teaching Experience	Signer	Two-year Institution	Four-year Institution	Not Accepted
Maryland	1 year, 1:1	Not specified	CPA	*	*	
Massachusetts						✓
Michigan ²	1 year, 1:1	Not specified	CPA	*	*	✓
Minnesota	*	Case by case	Case by case	*	*	
Mississippi	1 year, 1:1	Not specified	CPA	*	*	
Missouri	1 year, 1:1	Not specified	CPA	*	*	
Montana	1 year, 1:1	Not specified	CPA	*	*	
Nebraska						✓
Nevada						✓
New Hampshire						✓
New Jersey						✓
New Mexico	1 year, 1:1	Not specified	CPA who is a professor	*	*	
New York	1, 2, or 15 years (depending on education); 1:1	full-time teaching employment	CPA who is the dean or department head		✓	
North Carolina	4 years 4:1	Full-time basis teaching upper division accounting courses	CPA not required		✓	
North Dakota	1 year, 1:1	Not specified	CPA not required	*	*	
Ohio	1 year, 1:1	Not specified	CPA who is also the dean	*	*	
Oklahoma	*	Case by case	Case by case	*	*	
Oregon	1 year, 1:1	Not specified	CPA licensed for 5+ years	*	*	
Pennsylvania						✓
Puerto Rico	1 year, 1:1	Not specified	*	*	*	
Rhode Island	1 year, 1:1	Upper division courses approved by the Board	CPA		✓	
South Carolina	5 years, 5:1	Full-time basis teaching 12 accounting semester units per year	CPA	✓	✓	

* Information not available

¹ The ratio provided is the amount of academia experience to public accounting experience.

² Regulations indicate acceptance, but there are presently no procedures.

State Boards of Accountancy Acceptance and Requirements Regarding Experience Obtained via Academia

Jurisdiction	Amount Required/ Ratio ¹	Qualifying Teaching Experience	Signer	Two-year Institution	Four-year Institution	Not Accepted
South Dakota	1 year, 1:1	Not specified	CPA who is also the dean	*	*	
Tennessee	1 year, 1:1	Not specified	CPA	*	*	
Texas	1 year, 1:1	Full-time basis teaching upper division courses	Dean or CPA		✓	
Utah	1 year, 1:1	Not specified	CPA	*	*	
Vermont						✓
Virgin Islands						✓
Virginia	1 year, 1:1	Not specified	CPA not required	*	*	
Washington	*	Case by case	Case by case	*	*	
West Virginia	1 year, 1:1	Not specified	CPA	*	*	
Wisconsin	*	Case by case	Case by case	*	*	
Wyoming	1 year, 1:1	Teaching any discipline covered by the CPA examination	Dean	*	*	

* Information not available

¹ The ratio provided is the amount of academia experience to public accounting experience.

² Regulations indicate acceptance, but there are presently no procedures.



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CBA Item VII.D.2.
November 21-22, 2013

Approval of 2014 QC Meeting Dates

Presented by: Maurice Eckley, Chair, Qualifications Committee (QC)
Date: November 7, 2013

Purpose of the Item

The purpose of this agenda item is to request the California Board of Accountancy (CBA) to approve the 2014 QC meeting dates.

Action(s) Needed

The QC is requesting the CBA approve the 2014 meeting dates.

Background

None.

Comments

The following meeting dates and locations have been approved by the QC:

- January 22, 2014 Southern California
- April 23, 2014 Northern California
- July 30, 2014 Southern California
- October 22, 2014 Northern California

Fiscal/Economical Impact Considerations

None.

Recommendation

The QC recommends approval of the meeting dates.

Attachment

None.



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CBA Item VIII.A.
 November 21-22, 2013

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
September 26-27, 2013
CBA MEETING

DRAFT

Sheraton Suites at Symphony Hall
 701 A. Street
 San Diego, CA 92101
 Telephone: (619) 696-9800
 Fax: (619) 696-1555

Roll Call and Call to Order.

CBA President Leslie LaManna called the meeting to order at 1:32 p.m. on Thursday, September 26, 2013 at the Sheraton Suites. The meeting recessed at 3:49 p.m. President LaManna reconvened the meeting at 9:03 a.m. on Friday, September 27, 2013 and the meeting adjourned at 12:18 p.m.

CBA Members

September 26, 2013

Leslie LaManna, President	1:32 p.m. to 3:49 p.m.
Michael Savoy, Vice President	Absent
K.T. Leung, Secretary-Treasurer	1:32 p.m. to 3:49 p.m.
Sarah (Sally) Anderson	1:32 p.m. to 3:49 p.m.
Diana Bell	1:32 p.m. to 3:49 p.m.
Alicia Berhow	1:32 p.m. to 3:49 p.m.
Michelle Brough	Absent
Jose Campos	1:32 p.m. to 3:49 p.m.
Herschel Elkins	Absent
Laurence (Larry) Kaplan	1:32 p.m. to 3:49 p.m.
Louise Kirkbride	Absent
Marshal Oldman	1:32 p.m. to 3:49 p.m.
Manuel Ramirez	1:32 p.m. to 3:49 p.m.
Katrina Salazar	1:32 p.m. to 3:49 p.m.

CBA Members

September 27, 2013

Leslie LaManna, President	9:02 a.m. to 12:18 p.m.
Michael Savoy, Vice President	Absent
K.T. Leung, Secretary-Treasurer	9:02 a.m. to 12:18 p.m.
Sarah (Sally) Anderson	9:02 a.m. to 12:18 p.m.
Diana Bell	9:02 a.m. to 11:46 p.m.
Alicia Berhow	9:02 a.m. to 12:18 p.m.
Michelle Brough	9:02 a.m. to 12:18 p.m.
Jose Campos	9:02 a.m. to 12:18 p.m.
Herschel Elkins	Absent
Laurence (Larry) Kaplan	9:02 a.m. to 12:18 p.m.
Louise Kirkbride	Absent
Marshal Oldman	9:02 a.m. to 12:18 p.m.
Manuel Ramirez	9:02 a.m. to 12:18 p.m.
Katrina Salazar	9:02 a.m. to 12:18 p.m.

Staff and Legal Counsel

Rich Andres, Information Technology Staff
Patti Bowers, Executive Officer
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Kathryn Kay, Licensing Coordinator
Nicholas Ng, Administration Manager
Kari O'Connor, Enforcement Analyst
Deanne Pearce, Assistant Executive Officer
Corey Riordan, Board Relations Analyst
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Regulation Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)

Other Participants

Chere Davis, Court Reporter
Jason Fox, California Society of Certified Public Accountants (CalCPA)
Ed Howard, Center for Public Interest Law (CPIL)
Eric Lietzow, Petitioner
Morris Miyabara, California Society of Tax Consultants (CSTC)
Michael Morphew, CPIL

Pilar Onate-Quintana, KP Public Affairs
Joe Petito, The Accountants Coalition
Jon Ross, KP Public Affairs
Hal Schultz, CalCPA
Nelson Vinson, Petitioner

I. Petition Hearings

A. Eric Rodney Lietzow - Petition for Reinstatement of Revoked CPA Certificate.

CBA members heard the petition for reinstatement of Mr. Lietzow's revoked CPA certificate.

B. Nelson S. Vinson - Petition for Reduction of Penalty.

CBA members heard the petition for reduction of penalty for Mr. Vinson.

II. Closed Session.

Pursuant to Government Code Section 11126(c) (3), the CBA Convened into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, Proposed Decisions, Petitions for Reinstatement, and Petitions for Reduction of Penalty).

III. Report of the President.

A. Announcement Regarding Annual Officer Elections.

President LaManna announced that the annual Officer Elections will be held at the November 2013 CBA meeting. Ms. LaManna stated that any CBA member interested in a leadership role should submit a statement of qualifications to CBA staff.

B. Announcement of CBA Leadership Award of Excellence

Ms. LaManna announced that the recipients of this year's CBA Leadership Award of Excellence are Tina MacGregor, Investigative CPA, in the Enforcement Division and Anna Torrecillas, Examination Analyst in the Licensing Division.

C. Report on August 29, 2013, Senate Committee on Budget and Fiscal Review Hearing.

Ms. LaManna stated that she attended a hearing with CBA staff

regarding the repayment of loans from special funded State agencies. Ms. LaManna noted that the CBA has \$31 million outstanding in loans to the General Fund and in July 2013 the Department of Finance (DOF) outlined a plan for the CBA to be repaid for the loans made to the General Fund in Fiscal Years 2014-2015 and 2015-2016. Ms. LaManna noted that repayment to the CBA will not be complete until a budget bill has passed.

D. DCA Director's Report.

There was no report for this item.

E. Guest Speaker Richard Kravitz, CPA, Director, Socially Responsible Accounting.

Mr. Kravitz presented information to the CBA regarding socially responsible accounting and protecting the public interest.

IV. Report of the Vice President.

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

There was no report for this item.

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

There was no report for this item.

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

There was no report on this item.

V. Report of the Secretary/ Treasurer.

A. Discussion of Governor's Budget.

There were no comments on this item.

B. Fiscal Year 2012-2013 Year End Financial Statement.

Mr. Leung provided an overview of the Year End Financial Statement.

Mr. Campos inquired about the fingerprint expenses noted on the Fiscal Year 2012-2013 Financial Report.

Mr. Ng stated that these expenses are for out-of-state applicants who do not have access to Live Scan service.

VI. Report of the Executive Officer (EO).

A. Update on Staffing.

Ms. Bowers introduced Ms. Riordan as the new Board Relations Analyst. Ms. Bowers stated that Ms. O'Connor has been promoted to the Non-Technical Investigation Unit in the Enforcement Division.

B. Update on 2013- 2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

C. Presentation of CBA Annual Report for Fiscal Year 2012-2013

Ms. Pearce provided an overview of this item. Ms. Pearce stated the CBA Annual Report includes an overview of the CBA Strategic Plan, budget information, statistics of processing timeframes within the Licensing and Enforcement Divisions and results from the Customer Service Satisfaction Survey.

Ms. Salazar inquired if the CBA will continue to use the Customer Satisfaction Survey.

Ms. Bowers stated that the survey is valuable and will continue to be used. She said that staff is exploring ways to increase customer feedback.

D. Discussion Regarding Change to May and September 2014 CBA Meeting Dates.

Ms. O'Connor informed CBA members that, as presently scheduled, the May and September 2014 CBA meeting dates coincide with a holiday. Ms. O'Connor proposed that the May 2014 CBA meeting date be changed to May 29-30, 2014, and the September 2014 CBA meeting date be changed to September 18-19, 2014.

It was moved by Mr. Ramirez, seconded by Mr. Campos and unanimously carried by those present to adopt the proposed changes to the May and September 2014 CBA meeting dates.

E. Discussion of Possible Comments on the Uniform Accountancy Act

Exposure Draft Regarding Revised Definitions (UAA).

Mr. Stanley provided an overview of this item. Mr. Stanley stated that the UAA exposure draft proposes a revision to the definition of “attest.”

Mr. Stanley further stated that staff has prepared a comment letter on the exposure draft and are seeking input from CBA members. He noted that presently, the CBA is neutral in its position regarding the revisions proposed by the exposure draft.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to adopt the proposed comment letter.

- F. Update on Legislation Which the CBA Has Taken a Position (AB 186, AB 258, AB 291, AB 376, AB 1057, AB 1151, AB 1412, SB 176, SB 305, SB 822, SB 823).

Mr. Stanley reported that SB 822 was recently signed by the Governor and chaptered. Mr. Stanley stated that AB 1412 was amended and is no longer applicable to the CBA.

It was moved by Mr. Campos, seconded by Mr. Oldman and unanimously carried by those present that the CBA maintain its current position on all bills except AB 1412, which was amended and no longer relates to the CBA.

VII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item. He reported that the Initial Licensing Unit staff is training for the transition to the new educational requirements for CPA licensure that are effective January 1, 2014. He stated that the CPA license renewal form is being revised to reflect recent changes to continuing education requirements, peer review reporting, and fingerprint requirements. He further stated that a letter will be sent to all licensees regarding these changes.

VIII. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Ixta provided an overview of this report.

Mr. Ramirez requested that consideration be given to the report to notate large enforcement cases.

Mr. Ixta stated the CBA has submitted a Budget Change Proposal (BCP) requesting additional staff in the Enforcement Division. Mr. Ixta further stated that the BCP requests are presently undergoing review by the Department of Finance (DOF).

Ms. Bowers stated that the content of the proposals are confidential. Ms. Bowers noted that the review process for BCP requests is rigorous and includes review from DCA, Business, Consumer Services and Housing Agency, DOF and the Legislature. Ms. Bowers further stated that in recent years, the CBA has been very conservative with requesting additional staffing.

Mr. Ramirez expressed concern that the enforcement numbers may be temporarily inflated due to peer review, and he did not want to see permanent staff added to fix a temporary issue.

Ms. Bowers stated that the CBA is very conservative when requesting additional resources, and, in fact, had been very diligent about finding efficiencies and utilizing existing resources wherever possible. She stated that when a request is made, staff have thoroughly analyzed whether the need is permanent or temporary.

Mr. Ramirez stated his preference that the CBA only request temporary staff rather than commit funds to permanent staff which may result in an increase in fees. After two requests for temporary positions, the need for permanent staff will have been substantiated.

Ms. LaManna stated that the budget would be reanalyzed in March with the anticipated repayment of the General Fund loans. She further expressed her surprise that while the CBA spends 39% of its budget on enforcement, other DCA boards are spending 67-75%.

Mr. Leung stated that, since he was appointed to the CBA, there has always been a shortage of investigators and that he saw no problem with requesting additional staff.

Mr. Campos inquired whether CBA members could have an opportunity to review the BCPs if they are approved by DOF prior to filling the positions.

Ms. Bowers answered that it would be possible, and that the confidentiality of the ongoing BCP process does not preclude the CBA from exercising its ability to learn about and question the process and the status of the CBA's resources.

Mr. Campos replied that he sees this as a very important function of the CBA to monitor what it is doing with its resources, and that staff is probably in the best position to determine upcoming resource needs with a level of CBA oversight.

Ms. Anderson stated that since the fingerprinting would be a temporary demand on resources, if the decision is made to hire permanent positions for fingerprinting purposes, she would like to know the rationale for that decision.

Ms. Brough was pleased with staff's past performance in shifting existing resources to fill needs. She expressed her desire to avoid asking for more staff than needed in order to achieve a lower goal in staffing. She stated that if there is a true need to request the permanent positions we should ask, but if there is not a true need, it should be handled with temporary staff.

Mr. Ramirez requested that the CBA compare its number of enforcement personnel to the top five state boards of accountancy enforcement personnel compared to the licensees being monitored and compare the number of complaints.

Ms. Bell commended the judgment of CBA staff and commented that the Enforcement Division has worked with less staff for a long time. She stated that she would support the CBA staff's decision regarding staffing.

Ms. LaManna expressed a concern for staff burnout if the CBA continues to use existing resources to fill long term needs. She expressed interest in seeing how the CBA compares to other states in this area. She further indicated that the number of cases staff is successfully closing means that there are more licensees on probation that she does not believe the CBA has the staff to effectively monitor. More staff would allow the CBA to more effectively monitor probations.

Mr. Ixta concluded the Enforcement Division report, and Mr. Ramirez complimented the Enforcement Division for achieving enforcement processing timelines established by DCA.

IX. Committee and Taskforce Reports.

A. Taskforce.

1. Report of the September 26, 2013 Taskforce Meeting.
2. Discussion on the Taskforce to Examine Experience for CPA Licensure's Final Report to be Delivered to the California Board of Accountancy.

Mr. Ramirez stated that the Taskforce discussed conducting a subsequent meeting to review a final report and recommendation to the CBA.

3. Presentation on How Information is Presently Displayed for Consumers on the CBA Website and Staff Proposed Changes.

It was moved by Mr. Ramirez, seconded by Mr. Oldman and unanimously carried by those present to accept the staff proposed changes with some additional Taskforce requested text recommendations, and allow staff to work with legal counsel on the technical changes.

4. Discussion on Possible Recommendations by the Taskforce Regarding Acceptance of Academia as a Qualifying Experience Requirement for CPA Licensure.

Mr. Ramirez reported that the Taskforce discussed the possibility to allow academia to be accepted for qualifying experience for CPA licensure. He noted that the Taskforce discussed the added benefits of having a strong connection between the profession and academia.

It was moved by Mr. Ramirez, seconded by Ms. Berhow and unanimously carried by those present to accept the Taskforce's recommendation that the CBA explore the possibility for allowing academia to qualify as experience, with the amount of academia experience exceeding a one-to-one ratio and that the CBA explore the following areas, who can sign off on academia experience, should teaching experience be made available to academics at both two-year and four-year institutions and the institutions accreditation.

5. Discussion on Possible Recommendations by the Taskforce Regarding Modification to the General Accounting Experience for CPA Licensure.

Mr. Ramirez reported that the Taskforce considered possible options for modification to the general accounting experience requirement for CPA licensure.

It was moved by Mr. Ramirez, seconded by Mr. Campos and unanimously carried by those present to accept the Taskforce's recommendation to remain status quo regarding general accounting experience for CPA Licensure.

6. Discussion on Possible Recommendations by the Taskforce Regarding Modification to the Attest Experience Requirement for CPA Licensure.

Mr. Ramirez stated that the Taskforce discussed various post licensure requirements, including peer review, continuing education and professional standards and the effectiveness of these systems in assuring consumer protection related to the attest function. Mr. Ramirez also noted that over 40 states have adopted the Uniform Accounting Act (UAA) model that requires one year of general accountancy experience and does not include completing experience in attest.

It was moved by Mr. Ramirez, seconded by Mr. Oldman to accept the Taskforce's recommendation to eliminate the two pathways to licensure and discontinue requiring completion of the 500 hours of attest experience.

Ms. LaManna expressed her opinion that additional work still needs to be done on this topic.

Mr. Ramirez stated that if the recommendation is ultimately accepted by the CBA, it represents a starting point in the process. He further stated the CBA will need to provide convincing data and research to be successful in the legislation process. He expressed his belief that this is not something the CBA should rush into and it could take some time to finalize.

Ms. Bell inquired if the move to one pathway and the requirement for 500 attest hours could be separated to two motions.

Mr. Campos stated that he believed the motion could not be split as the previous motion was to maintain the general accounting experience. He explained that it would appear the options are to eliminate or modify the attest experience requirement.

Mr. Howard noted that a hallmark of the collaborative effort in the Legislature is that the parties come together prior to legislation being introduced and work through their respective differences. He noted when using data and research that often time areas of

compromise present themselves during the collaborative process. Mr. Howard outlined three areas of additional research that he believes should be explored prior to entering into the legislative process: what do existing licensees think about the 500-hour requirement, why do applicants for licensure complete in excess of the 500 hours, and what alternatives exist outside of the 500-hour requirement which would be comparable.

Mr. Oldman stated he believes they do not have to seek legislation next year as this issue will take time. He expressed concern if the CBA maintains the 500-hour requirement diversity of auditors would be lost, as the majority of applicants would have to work for large firms to ensure the completion of the 500-hour requirement within a one-year timeframe. He suggested the CBA could use specialized certifications to ensure the consumer that the licensee went through a rigorous and long term process.

Mr. Campos stated that he was in concurrence with Mr. Oldman as to the reasons why it is time to eliminate the 500-hour requirement. He stated he is not supportive of the current motion for two primary reasons, the board went through significant due process to establish the 500-hour attest requirement and during the mobility negotiation it required out-of-state licensees to meet the requirement. He requested information on the view point of other states without the 500-hour attest requirement.

Ms. LaManna stated it seemed the consensus was the CBA would like additional information.

After extensive deliberation the motion failed.

Mr. Ramirez suggested licensees could be sent an online survey in regards to the 500-hour attest requirement and to collect data from other states, without the requirement, to see if they saw an increase in enforcement cases.

Mr. Howard stated it is the assumption that licensees are better auditors by having the 500-hour attest requirement. He further stated the CBA's job is to protect consumers by producing licensees who do a good job. He noted enforcement data is unreliable because complaints are by consumers who are not knowledgeable in the profession and they have to know the CBA exists. He stated due to limited resources boards then assign priority to only the worst or large cases.

Mr. Ramirez stated the CBA has mandatory peer review which

results in monitoring the work by other CPAs. He noted that 47 other states have one year of experience supervised by a CPA in the absence of the 500-hour requirement. He stated we should be consistent and a CPA license should be the same in every state. He suggested the motion be split into three, whether there is consensus on one license, what should the one license look like and what is the strategic process.

Mr. Howard expressed his belief that the research and data should be completed before the proposal.

Mr. Ramirez stated as the chair of the committee he would be willing to work with Ms. Bowers to develop the questions to ask licensees.

Mr. Kaplan inquired if a decision had to be made and asked if the Taskforce could continue to work on the issue.

Ms. LaManna stated she believes the motion is to ask the Taskforce to gather additional data.

Ms. Anderson inquired if the CBA was at a point to direct staff to develop the type of questions for the surveys and come back to the board.

It was moved by Mr. Campos, seconded by Ms. Bell and unanimously carried by all those present for the CBA staff to gather research data of California licensees regarding the 500 attest hours, work with NASBA or others to obtain out-of-state data and analyze enforcement criteria.

7. Enforcement-Related Statistics from Other States That Recently Converted from an Attest Experience Requirement and Redistribution of the Bonnie Moore Case Decision and Results of Legal Cases Research (Written Report Only).

There were no comments on this item.

B. Enforcement Program Oversight Committee.

1. Report of the September 26, 2013 EPOC Meeting.
2. Discussion and Possible Action Regarding Proposed New Additions and Previously Requested Changes to the Disciplinary Guidelines and Model Orders.

Ms. Berhow reported that EPOC discussed changes to the disciplinary guidelines and model orders. She noted that legal counsel indicated “inactive” should be added to the violation of section 5071.2b of the Business and Professions Code (BPC) to read “practice with a military inactive license status” and “revocation” should not be used in the title for section 5104 of the BPC.

It was moved by Ms. Berhow, seconded by Mr. Ramirez and unanimously carried by those present to accept EPOC’s recommendation to adopt the staff proposed changes with the addition of legal counsel’s suggestion to the Disciplinary Guidelines and Model Orders.

3. Discussion and Possible Action to Recommend Initiation of a Rulemaking to Make Changes to the Disciplinary Guidelines and Model Orders at Title 16, California Code of Regulations Section 98.

Ms. Berhow provided an overview of this item.

It was moved by Ms. Berhow, seconded by Mr. Ramirez and unanimously carried by those present to accept the EPOC’s recommendation to adopt the proposed changes with legal counsels amendments, approve the proposed regulatory language and direct staff to initiate the rulemaking process to make changes to the Disciplinary Guidelines and Model Orders.

C. Peer Review Oversight Committee (PROC).

1. Report of the August 23, 2013 PROC Meeting.

Ms. Corrigan reported on various oversight events in which PROC members participated. Ms. Corrigan stated that the PROC discussed the need to determine the level of oversight necessary for out-of-state administrative entities performing peer reviews. She further stated that the PROC approved a second letter to the NASBA Compliance Assurance Committee regarding oversight of the National Peer Review Committee. She also noted that a taskforce comprised of PROC members summarized its findings regarding the voluntary peer review survey submitted by firms. The taskforce provided recommendations on how to enhance the educational process of Peer Review, and these recommendations will be incorporated into CBA website and CBA publications. Ms. Corrigan stated that the PROC will meet on November 1, 2013 in Northern California.

2. Approval of 2014 PROC Meeting Dates.

It was moved by Mr. Leung, seconded by Mr. Campos and unanimously carried by those present to adopt the 2014 PROC meeting dates.

D. Enforcement Advisory Committee (EAC).

1. Approval of 2014 EAC Meeting Dates.

It was moved by Mr. Oldman, seconded by Ms. Salazar and unanimously carried by those present to accept the 2014 EAC meeting dates.

E. Qualifications Committee (QC).

1. Report of the July 31, 2012 QC Meeting.

Mr. Franzella reported that four personal appearances were made, three were approved at the QC meeting and four out of the seven Section 69 reviews were approved. Mr. Franzella further reported that the QC conducted an internal audit of licensing files and concurred with the staff recommendation on all 100 files reviewed.

X. Acceptance of Minutes.

A. Draft Minutes of the July 25, 2013 CBA Meeting.

B. Minutes of the July 24, 2013 Taskforce Meeting.

C. Minutes of the May 2, 2013 EAC Meeting.

D. Minutes of the May 23, 2013 EPOC Meeting.

E. Minutes of the May 23, 2013 PROC Meeting.

F. Minutes of the April 24, 2013 QC Meeting.

It was moved by Mr. Leung seconded by Mr. Campos and unanimously carried by those present to accept agenda items X.A.-X.F. with an edit to the July 25, 2013 minutes to note that Mr. Oldman was present at the meeting.

XI. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).
- B. National Association of State Boards of Accountancy (NASBA).

- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

There was no report for this item.

- b. Board Relevance & Effectiveness Committee.

There was no report for this item.

- c. Proposed Responses to NASBA Focus Questions.

It was moved by Mr. Campos, seconded by Mr. Berhow and unanimously carried by those present to accept the proposed responses to the NASBA Focus Questions.

XII. Closing Business

- A. Public Comments.

There were no public comments.

- B. Agenda Items for Future CBA Meetings.

There was no comment.

- C. Press Release Focus

Ms. Pearce stated the topic of consideration for a post meeting press release is the CBA Annual Report.

Adjournment.

President LaManna adjourned the meeting at 12:18 p.m. on Friday, September 27, 2013.

_____ Leslie J. LaManna, CPA, President

_____ K.T. Leung, CPA, Secretary-Treasurer

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

**DEPARTMENT OF CONSUMER AFFAIRS**

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**CPC Item I.**

November 21, 2013

CBA Item VIII.B.

November 21-22, 2013

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

**MINUTES OF THE
 March 21, 2013
 COMMITTEE ON PROFESSIONAL CONDUCT (CPC) MEETING**

DRAFT

Costa Mesa Marriott
 500 Anton Boulevard
 Costa Mesa, CA 92626
 (714) 957-1100

CALL TO ORDER

Michael Savoy, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 10:53 a.m on Thursday, March 21, 2013, at the Costa Mesa Marriott. Mr. Savoy requested that the roll be called.

Present

Michael Savoy, Chair
 Herschel Elkins
 Sally Anderson
 Alicia Berhow
 Jose Campos
 Marshal Oldman
 Larry Kaplan

CBA Members Observing

Manuel Ramirez
 Katrina Salazar
 Diana Bell
 Leslie LaManna

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Emmanuel Estacio, Information Technology Staff

Andrew Breece, Legislation Coordinator
Dominic Franzella, Chief, Licensing Division
Kari O'Connor, Executive Analyst
Kristy Shellans, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Regulations Analyst
Paul Fisher, ICPA Supervisor
Rafael Ixta, Enforcement Chief

Others Present

Ed Howard, Center for Public Interest Law (CPIL)
Kevin Berggren, CPIL
Hal Schultz, California Society of Certified Public Accountants
Joe Petito, The Accountants Coalition, PWC

- I. Approve Minutes of the January 24, 2013, CPC Meeting

It was moved by Mr. Elkins, seconded by Ms. Berhow and carried unanimously to approve the minutes of the January 24, 2013, CPC Meeting.

- II. Discussion and Possible Action on a Legislative Proposal to Amend Section 5096(e) Requiring Notification to the CBA of Pending Criminal Charges for the Practice Privilege Set to Take Effect on July 1, 2013.

Mr. Ixta presented a legislative proposal to require an out-of-state licensee to notify the CBA of pending criminal charges. He stated that staff reviewed ten other states, including Arizona, Florida, Illinois, Nevada, New Jersey, New York, Ohio, Oregon, Texas, and Washington. The only state that requires an out-of-state licensee to report pending criminal charges is Nevada.

Mr. Ixta stated that whenever a California licensee is arrested or has pending criminal charges, the CBA receives notice from the Department of Justice. Beginning July 1, 2013, an out-of-state licensee wishing to practice in California must submit a pre-notification form identifying specified criminal charges, and must obtain approval by the CBA prior to practicing in California. However, out-of-state licensees practicing in California under a practice privilege are not required to notify the CBA of pending criminal charges.

Mr. Ixta stated that staff recommends to amend Business and Professions Code Section 5096(e) to require an out-of-state CPA to notify the CBA of pending criminal charges that occur while practicing in California.

Ms. Anderson asked what staff's procedures are when they receive notice of pending criminal charges from the Department of Justice.

Mr. Ixta explained that staff will often contact the courts and monitor the charges. However, if staff determines there may be immediate consumer harm, staff will seek legal action to restrict the licensee's practice.

Ms. Bowers added that prior to restricting the practice of a licensee, staff collects a clear and convincing amount of evidence to determine whether there is immediate consumer harm.

It was moved by Mr. Elkins, seconded by Ms. Berhow and carried unanimously to approve the proposed statutory language to require out-of-state licensees to report pending criminal charges to the CBA while practicing in California. The proposed language in Business and Professions Code Section 5096(e)(10) would state:

“Shall notify the board of any pending criminal charges in any jurisdiction other than for a minor traffic violation.”

III. Public Comments

No public comments were received.

IV. Agenda Items for next meeting

No agenda items were identified.

There being no further business, the meeting was adjourned at 11:05 a.m.

**DEPARTMENT OF CONSUMER AFFAIRS**

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CBA Item VIII.C.
November 21-22, 2013

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

MINUTES OF THE
JULY 31, 2013
QUALIFICATIONS COMMITTEE (QC) MEETING

California Board of Accountancy
DoubleTree by Hilton Ontario Airport
222 North Vineyard
Telephone: (909) 937-0900
Fax: (909) 937-1999

The regularly scheduled meeting of the QC was called to order at approximately 12:00 p.m. on July 31, 2013 by QC Chair, Maurice Eckley, Jr.

QC Members

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

CBA Liaison Present

K.T. Leung

Staff Present

Patti Bowers, Executive Officer
Veronica Daniel, Licensing Manager
Dominic Franzella, Chief, Licensing Division
Kathryn Kay, Licensing Coordinator

I. Chairperson's Report.

A. Approval of the April 24, 2013 QC Meeting Minutes.

It was moved by Ms. Bolsky, seconded by Ms. Mapes and unanimously carried by those present to adopt the minutes of the April 24, 2013 QC Meeting.

B. Report on May 23-24 and July 25, 2013 CBA Meetings.

Mr. Eckley announced that Erin Sacco Pineda was appointed to the QC and welcomed her to the committee.

Mr. Eckley reported that the CBA approved a proposal to reduce the fund reserve to approximately \$1.8 million in two years. Mr. Eckley added that the proposal included the reduction of renewal fees by approximately another 60 percent, reduction of examination application fees by 50 percent and the reduction of licensing application/firm registration fees by 80 percent.

Mr. Eckley reported that at the May 2013 CBA meeting, staff informed the CBA that the Office of Administrative Law (OAL) now requires a more detailed analysis when fees are being set in regulation. As a result, staff reanalyzed the CBA's fee reduction rulemaking and recommended that the renewal fee be set at \$120, following the two-year fee reduction outlined in the proposal. Mr. Eckley added the CBA approved the revised text and directed staff to complete the rulemaking process.

Mr. Eckley reported that on July 1, 2013, the new practice privilege provisions took effect. To aid in the implementation of the new provisions, the CBA adopted a set of emergency regulations. The CBA conducted a regulation hearing and adopted finalized regulations to make the previously adopted emergency regulations permanent. Mr. Eckley added as part of the adoption, the CBA included general staff-suggested modifications that were minor and non-technical in nature.

At this time, the QC discussed Agenda Item III.

II. Report on the May 23 and July 24, 2013 Taskforce to Examine Experience for CPA Licensure Meetings.

Ms. Mapes reported that at the first Taskforce meeting in May, members brought about many points that served as a foundation for future considerations. Ms. Mapes added the Taskforce directed staff to perform additional research on other state requirements, licensing and enforcement-related statistics, and post-licensure requirements and specializations.

Ms. Mapes reported the Taskforce held its second meeting on July 24, 2013. Members discussed various topics including the licensing requirements of other states, licensing and enforcement-related statistics, and post-licensure requirements and specializations. Ms. Mapes added the Taskforce made the recommendation to not revert to the pre-2002 licensure requirements which required attest accounting experience for all applicants. Ms. Mapes added the next meeting will be held on September 26, 2013.

Members discussed the history and effectiveness of the 500-hour attest accounting experience requirement, the implications of removing it, the possibility of offering an attest specialty, and how the 500-hour attest accounting experience requirement is related to consumer protection.

Mr. Aguila and Mr. Haas expressed concern over removing the 500-hour attest experience requirement and relying on peer review to enhance an auditor's skill level.

Mr. Eckley suggested that rather than maintaining an attest experience requirement for licensure, the CBA could offer an attest specialty or designation.

Mr. Ruehl added the attest accounting experience requirement develops critical thinking skills that cannot be gained otherwise. He questioned the effectiveness of the 500 number of hours presently required and its relation to an individual's understanding of audits. He further stated the present attest accounting experience requirement could be replaced with some other criteria.

Mr. Leung stated that the Taskforce's primary concern is to protect consumers while revisiting the present attest and general accounting experience requirements to determine what changes, if any, should be made.

Mr. Fisher expressed concern over the removal of the present attest experience requirement stating it is a critical step in achieving competency.

Ms. Bowers encouraged members to send comments to staff that can be forwarded to the Taskforce. She encouraged members to view the previous webcasts on the CBA's website and to reach out to staff for assistance if any member is interested in attending CBA and/or Taskforce meetings.

III. Report on the Activities in the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. She informed members the report on Initial Licensing activity 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 Initial Licensing activities, the report has been redesigned to reflect three fiscal years of statistical data while still providing a narrative report highlighting recent activity within each program area.

IV. Public Comment for Items not on the Agenda.

None.

V. Review on Individual Applicants [Closed session in accordance with Government Code Section 11126(c)(2), and Business and Professions Code Sections 5022 and 5023.]

The QC conducted its annual internal audit of randomly selected staff approved applications for licensure. A total of 3,376 files were approved from July 1, 2012 through June 30, 2013. The QC reviewed 100 files and concurred with all staff application approvals.

VI. 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.]

C13-022 – The applicant and his employer appeared and presented work papers for his public accounting experience. He has 17.75 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the Certificate of Attest Experience (CAE) was not adequate. The work performed by the applicant was reviewed and numerous deficiencies were noted. The content of the work papers provided was not adequate, did not include sufficient examples of planning and risk assessment or documentation of selection procedures and conclusions, and did not meet auditing standards.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial

statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the QC's review. The firm is placed on reappearance.

C13-023 – The applicant and her employer appeared due to a family relationship and presented work papers from her public accounting experience. She has 35.5 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C13-024 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 33.25 months of experience, with a 24-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C13-025 – The applicant appeared and presented work papers from her government accounting experience. She has 31.5 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.

C13-026 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 52.75 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was not adequate. The work performed by the applicant was reviewed and numerous deficiencies were

noted. The content of the work papers provided was not adequate, did not include sufficient documentation of selection procedures and conclusions, and did not meet auditing standards.

Recommendation: Defer attest licensure, but approve general licensure as requested by applicant. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum 500 hours of qualifying experience that will enable her to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether or not she will be required to reappear with work papers for the QC's review. The firm is placed on reappearance.

C13-027 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 35.75 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was not adequate. The work performed by the applicant was reviewed and numerous deficiencies were noted. The content of the work papers provided was not adequate, did not include sufficient documentation of selection procedures and conclusions, and did not meet auditing standards.

Recommendation: Defer attest licensure, but approve general licensure as requested by applicant. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum 500 hours of qualifying experience that will enable her to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether or not she will be required to reappear with work papers for the QC's review. The firm is placed on reappearance.

C13-028– The applicant and her employer appeared and presented work papers from her public accounting experience. She has 19.5 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

The employer's understanding of the CAE 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 removed from reappearance status.

C13-019 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 132 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C09-006 – The applicant appeared and presented work papers from his public accounting experience. He is currently licensed with general experience.

The work papers did not support the experience requirement. The documentation was inadequate and inconsistencies regarding the work papers were noted.

Recommendation: Defer. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant's employer must appear with a full set of work papers. At that time, a determination will be made whether the applicant has demonstrated satisfactory knowledge of current standards and pronouncements.

The following Section 69 reviews took place on July 24, 2013, and are made a part of these minutes.

C13-021 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 68.5 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-001 – The applicant and employer appeared and presented work papers from her public accounting experience. She has 32.25 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. 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 5:15 P.M. on July 31, 2013. The next meeting of the QC will be held on October 23, 2013.

Maurice Eckley, Jr., Chair

Prepared by: Emily Cole, Licensing Coordinator
Kathryn Kay, Licensing Coordinator



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DEPARTMENT OF CONSUMER AFFAIRS **CBA Item VIII.D.**
CALIFORNIA BOARD OF ACCOUNTANCY (CBA) November 21-21, 2013
ENFORCEMENT ADVISORY COMMITTEE (EAC)

MINUTES OF THE
JULY 11, 2013
EAC MEETING

Hilton San Jose
 300 Almaden Blvd.
 San Jose, CA 95110

I. Roll Call and Call to Order

The regularly scheduled meeting of the EAC was called to order at 9:02 a.m. on July 11, 2013 by EAC Chair, Cheryl Gerhardt.

Enforcement Advisory Committee

Cheryl Gerhardt, Chair	9:02 a.m. to 5:00 p.m.
Mary Rose Caras, Vice Chair	9:02 a.m. to 5:00 p.m.
Joe Buniva	Absent
Gary Caine	9:02 a.m. to 5:00 p.m.
Nancy Corrigan	Absent
Jeffrey De Lyser	Absent
Bill Donnelly	9:02 a.m. to 5:00 p.m.
Robert A. Lee	9:02 a.m. to 5:00 p.m.
Mervyn McCulloch	9:02 a.m. to 5:00 p.m.
James Rider	9:02 a.m. to 5:00 p.m.
Joseph Rosenbaum	9:02 a.m. to 5:00 p.m.
Seid Sadat	9:02 a.m. to 5:00 p.m.
Michael Schwarz	9:02 a.m. to 5:00 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Rafael Ixta, Enforcement Chief
 Paul Fisher, Supervising Investigative CPA
 Allison Nightingale, Enforcement Secretary
 Kay Lewis, Investigative CPA
 Dorothy Osgood, Investigative CPA
 Gogi Overhoff, Investigative CPA
 DeAnn MacConell, Investigative CPA
 Marla Weitzman, Investigative CPA
 Tina MacGregor, Investigative CPA
 Carl Sonne, Deputy Attorney General, Department of Justice

Other Participants

Katrina Salazar, CBA Liaison

II. Review Enforcement Files on Individual Licensees

The EAC adjourned into closed session under provisions of Government Code section 11126(c)(2) and Business and Professions, (B&P) Code section 5020. EAC members convened into closed session at 9:04 a.m. and reconvened into open session at 10:30 a.m.

III. Report of the Committee Chair.

A. Approval of the May 2, 2013 EAC Meeting Minutes.

It was moved by Mr. Lee, seconded by Mr. Schwarz, and unanimously carried to approve the minutes of the May 2, 2013 EAC meeting.

The minutes for this meeting will be submitted to the CBA members for review and adoption at the next CBA meeting.

B. Report of the May 23-24, 2013 CBA Meeting.

Mr. Ixta attended the May 23-24, 2013 CBA Meeting. He reported that Ken Bishop, President and Chief Executive Officer of the National Association of State Boards of Accountancy, made a presentation to the CBA members on mobility. He stated that jurisdictions where mobility has been implemented, have not reported any issues and mobility is operating as intended.

IV. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Ixta reported that the average number of days to close a case has decreased from 85 in the previous fiscal year to 72 as of April 30, 2013, and the number of investigations pending for more than 24 months has decreased from four in the March report to three. He also reported that 85 percent of all CBA cases at the Attorney General's Office have been open less than 18 months, 10 percent have been pending 18-24 months, and five percent have been pending more than 24 months. The report was provided in the EAC packets.

V. Other Business.

A. Report of the May 23, 2013 Legislative Committee Meeting.

Mr. Ixta reported on Assembly Bill (AB) 1151 regarding Tax Agent Registration. He stated that AB 1151 would require a tax agent to register with the Secretary of State in order to represent a taxpayer before a county official. The bill would apply to a Certified Public Accountant (CPA), a public accountant, actuary, real estate broker, real estate salesperson, or a licensed real estate appraiser. The bill would require the Secretary of State to semiannually publish a list of registered tax agents on its website. The CBA took an oppose position on the bill since the bill does not address the problem it is trying to resolve and creates a duplicate registration

requirement as CPAs are already regulated by the CBA.

B. Report of the May 23, 2013 Enforcement Program Oversight Committee Meeting.

Mr. Ixta reported that CBA staff presented proposed changes to the CBA Model Disciplinary Guidelines and Model Disciplinary Orders (Guidelines) to the Enforcement Program Oversight Committee (EPOC).

The proposed changes to the current version of the Guidelines do not include statutory or regulatory changes. The majority of proposed changes in the Guidelines stem from modifying the minimum penalty away from "Correction of Violation," as that is not a penalty. Staff replaced "Correction of Violation" with "Continuing Education Courses." Staff modified the optional condition of Continuing Education (CE) to require that CE ordered to be in addition to the CE required for license renewal.

The statutory and regulatory changes will be presented to the EPOC at the September 26, 2013 meeting.

C. Report of the May 23, 2013 Taskforce to Examine Experience for CPA Licensure Meeting.

Mr. Ixta reported that the Taskforce is looking at the experience requirement for CPA licensure. The core issue is what the appropriate level of experience is for CPA applicants. He stated that many states either no longer require attest experience or are moving towards eliminating the attest experience requirement for licensure.

D. Discussion and Action Regarding Proposed EAC Meeting Dates for 2014.

Mr. Ixta discussed the proposed EAC meeting dates for 2014.

It was moved by Mr. Sadat, seconded by Mr. Caine, and unanimously carried to approve the 2014 EAC meeting dates for 2014 as follows:

<u>DATE</u>	<u>LOCATION</u>
January 30, 2014	Northern California
May 1, 2014	Southern California
July 10, 2014	Northern California
October 23, 2014	Southern California
December 11, 2014	Southern California

The dates will be submitted to the CBA for approval at the September 26-27, 2013 CBA meeting.

VI. Public Comments for Items Not on the Agenda

There were no public comments offered during the meeting.

VII. Conduct Closed Hearings

[Closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and B&P 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

The next EAC meeting is scheduled for October 24, 2013 at the Marriott Burbank Hotel.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:15 a.m. to reconvene in closed session at 1:00 p.m.

Cheryl Gerhardt, CPA, Chair
Enforcement Advisory Committee

Prepared by: Allison Nightingale, Enforcement Secretary



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CBA Item VIII.E.
 November 21-22, 2013

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**MINUTES OF THE
 AUGUST 23, 2013
 PROC MEETING**

Hyatt Place Ontario
 4760 E. Mills Circle
 Ontario, CA 91764

I. Roll Call and Call to Order.

PROC Chair Nancy Corrigan called the meeting to order at 9:32 a.m. on Friday, August 23, 2013. The meeting adjourned at 11:32 p.m.

PROC Members:

August 23, 2013

Nancy Corrigan, Chair	9:32 a.m. – 11:32 p.m.
Robert Lee, Vice Chair	9:32 a.m. – 11:32 p.m.
Katherine Allanson	9:32 a.m. – 11:32 p.m.
Jeffrey DeLyser	9:32 a.m. – 11:32 p.m.
Sherry McCoy	9:32 a.m. – 11:32 p.m.
Seid M. Sadat	9:32 a.m. – 11:32 p.m.

Staff:

Rafael Ixta, Chief, Enforcement Division
 Sara Narvaez, Enforcement Manager
 April Freeman, Peer Review Analyst
 Alice Tran, Peer Review Analyst

Other Participants:

Linda McCrone, California Society of Certified Public Accountants (CalCPA)

II. Report of the Committee Chair.

A. Approval of June 21, 2013 Minutes.

Ms. Corrigan asked if members had any edits to the minutes of the June 21, 2013 PROC meeting. Robert Lee stated that Item E should read that the PROC “will be” able to obtain a copy of the American Institute of Certified Public Accountants’ (AICPA) oversight report. Ms. Corrigan requested that Item C should clarify that the PROC had not met since her last report to the CBA, and that Mr. Lee was appointed at the PROC’s Vice Chair at a previous CBA meeting. Several other minor edits were made.

It was motioned by Seid Sadat, seconded by Katherine Allanson, and unanimously carried by those present to accept the revisions and adopt the revised minutes of the June 21, 2013 PROC meeting.

B. Report on the July 25, 2013 CBA Meeting.

Ms. Corrigan stated that she and Mr. Lee attended the July 24, 2013 CBA meeting. She introduced Mr. Lee as the PROC's Vice Chair and Mr. Lee gave the PROC report to the CBA members. Mr. Lee advised members that his report to the CBA included oversight activities that had occurred since the PROC's previous report, recommendations from PROC Taskforce in response to comments from the voluntary peer review survey, the percentage of CPAs that were subject to peer review based on staff research, and future agenda items and projects.

Ms. Corrigan advised members that Sherry McCoy was appointed as the PROC's next Vice Chair, effective January 1, 2014. She added that the CBA is striving to further define the role of CBA member liaisons with all committees.

Mr. Ixta advised members that the CBA's Taskforce to Examine Experience for CPA Licensure is reviewing the present experience requirements and may make a possible recommendation regarding changes to the type of experience that is required.

III. Report on PROC Activities.

A. Report on the July 10, 2013 PROC Summit in Nashville, TN.

Mr. Lee stated that he observed the Summit via webcast as out-of-state travel was not authorized. He stated that questions submitted in advance were discussed during the webcast, but questions could not be submitted online during the meeting. Mr. Lee stated that one of the more important aspects of the Summit is the opportunity for networking.

Linda McCrone stated that she attended the Summit and would look into providing PROC members with the materials.

B. Report on the July 25, 2013 CalCPA Advanced Peer Review Class.

Mr. Sadat stated he attended the July 25, 2013 CPA Advanced Peer Review Class. He stated the instructor, Marsha Hein, has a wealth of knowledge. He added that the training was not as well attended as other courses he has attended, although he did see some very seasoned peer reviewers in attendance. Mr. Sadat stated that many peer reviewers are not aware that the CBA is reviewing all failed peer reviews reports.

Ms. McCrone stated that she will remind peer reviewers of the issue with failed peer reviews. She also stated that this year, the class was given in two locations, which may have contributed to the low attendance.

C. Report on the August 14, 2013 AICPA Peer Review Board (PRB) Meeting.

Mr. DeLyser stated that he attended the meeting via teleconference; however, it would have been easier to get a sense of what was going on had he attended in person. He

stated that the discussions were good. There was discussion on confidentiality and how it affects many aspects of peer review. There was also a discussion on having CPAs join an AICPA Quality Center as a corrective action, and whether that was self-serving of the AICPA. Ultimately, the AICPA Peer Review Board decided it was okay.

Ms. McCoy added that the perception was that joining the AICPA Quality Center was the only option for correction action, but there is also an option for CPAs to take additional continuing education. She believes the idea would be better received if there were research to show that joining the AICPA Quality Center was an effective means of improvement.

Ms. McCrone stated that this issue will be discussed at the November 2013 CalCPA Peer Review Committee (PRC) meeting, and added that most peer reviewers recommend that clients join an AICPA Quality Center.

D. Report on the August 21, 2013 CalCPA Report Acceptance Body (RAB) Meeting.

Mr. Sadat attended the August 21, 2013 CalCPA RAB meeting and stated it was the shortest RAB meeting he's ever attended. The meeting lasted 13 minutes and 15 reports were reviewed. He reiterated that the RAB members are very familiar with the individual peer reviewers.

E. Assignment of Future PROC Activities.

Ms. Corrigan confirmed the following assignments:

- September 24, 2013, 2:00 p.m. CalCPA RAB meeting – Nancy Corrigan & Katherine Allanson.
- September 26-27, 2013, CBA Meeting – Nancy Corrigan.
- November 21-22, 2013, CalCPA PRC Meeting – Robert Lee & Jeffrey DeLyser.
- November 21-22, 2013, CBA Meeting – Nancy Corrigan.

Ms. Allanson requested that staff advise PROC members of the date and time of Ms. Corrigan's report to the CBA.

F. Discussion Regarding Proposed PROC Meeting Dates for 2014.

After discussion, PROC members agreed to amend the proposed 2014 PROC meeting dates to be back-to-back with the Enforcement Advisory Committee (EAC) meetings since the committees have four members in common.

The revised 2014 PROC meeting dates are:

January 31, 2014 – Northern California
May 2, 2014 – Southern California
August 22, 2014 – Northern California
December 10, 2014 – San Diego (late start)

It was motioned by Katherine Allanson, seconded by Seid Sadat, and unanimously carried by those present to accept the 2014 PROC meeting dates as revised.

IV. Reports and Status of Peer Review Program.

A. Updates on Peer Review Reporting Forms Received and Correspondence to Licensees.

Ms. Freeman reported that as of as of July 24, 2013, 58,455 peer review reporting forms have been submitted to the CBA.

Ms. Freeman advised members of the status of licensees in phase one who have not yet reported, and that staff is reviewing each licensee to determine if further enforcement action is required.

Ms. Freeman also advised members that on September 1, 2013, 4,126 letters will be sent to licensees in phase three that did not report their peer review information to the CBA by July 1, 2013.

B. Status of PROC Roles and Responsibilities Activity Tracking.

Ms. Freeman stated that the activity tracking chart for 2013 has been updated to capture recently attended activities and upcoming events.

V. Report of the Enforcement Chief

A. Discussion Regarding the Creation of a PROC Oversight Checklist to Analyst Peer Reviews Accepted by Out-of-State Administering Entities.

Mr. Ixta stated that staff selected the four states that accepted more than ten peer reviews of California-license firms. Those states are Nevada, New York, Oregon, and Texas. CBA staff reviewed the AICPA's oversight reports for these four states and developed a checklist to provide oversight to out-of-state administering entities. Mr. Ixta requested feedback on the checklist.

Ms. McCoy offered several edits, including adding a space for comments on questions three through six, eleven, and twelve.

It was motioned by Seid Sadat, seconded by Robert Lee, and unanimously carried by those present to approve the Summary of Oversight of Out-of-State Peer Review Administering Entity Checklist with revisions.

Mr. Ixta suggested that the PROC Chair assign members to review out-of-state administering entities at the next PROC meeting. Ms. McCrone recommended that the PROC advise the AICPA of their plans to provide oversight of out-of-state administering entities.

Ms. Corrigan reiterated that although only a very small percentage of firms use out-of-state administering entities, the PROC needs to comply with its legislative mandate.

Members agreed that relying on AICPA and state-level oversight is sufficient to meet the PROC's oversight mandate.

It was motioned by Seid Sadat, seconded by Robert Lee, and unanimously carried by those present to make the final version of the Summary of Oversight of Out-of-State Peer Review Administering Entity checklist available at the next PROC meeting, along with a draft letter to the AICPA regarding oversight of out-of-state administering entities.

Mr. Lee requested that all of the oversight checklists be converted to a fillable format.

- B. Discussion of Letter to the Compliance Assurance Committee Regarding the Status of the Oversight of the National Peer Review Committee.

Mr. Ixta reviewed and requested feedback on the draft letter to the National Association of State Boards of Accountancy's Compliance Assurance Committee (CAC) regarding the status of the oversight of the National Peer Review Committee (NPRC).

Members did not have any revisions to the letter. Staff will finalize the letter and submit it to Ms. Corrigan for signature.

- C. Discussion on the Recommendations of the Task Force Created to Review the Voluntary Peer Review Survey.

Mr. Ixta advised members that in response to the Task Force's recommendation, staff created a simple flow chart of the peer review process and made proposed edits to two CBA publications.

In the Peer Review Brochure, several members stated that a peer review is designed to ensure that firms are in compliance with standards, but not necessarily to assist the firm in finding better ways to provide services. Mr. Lee suggested the language under the *Peer review promotes knowledge* paragraph be changed to read, "A peer review provides firms an opportunity to ensure that firms are in compliance with rules and regulations governing the services that are being provided."

Mr. Lee also suggested that the term "tax practice" be changed to read "a tax only practice."

In the Consumer Assistance Booklet, it was suggested that references to substandard peer review should include language stating, "also referred to as 'fail'."

On the flow chart, members recommended that a footnote be added to Statements on Standards for Accounting and Review Services (SSARS) to clarify that firms performing only compilations where no report is issued are not required to undergo peer review.

It was motioned by Katherine Allanson, seconded by Seid Sadat, and unanimously carried by those present to accept the *Are You Required to Get a Peer Review* flowchart, the Peer Review Brochure, and the Consumer Assistance Booklet, as revised, and post on the CBA website.

D. Discussion Regarding AICPA's Oversight Visit Report of CalCPA.

Mr. Ixta presented the AICPA's Oversight Visit Report of CalCPA. He requested comments from members. He added that there is a third page that was not in the meeting materials. The entire report will be emailed to all PROC members. If any members have comments, this item can be revisited at the next PROC meeting.

Ms. McCrone stated that AICPA report did not include any findings.

E. Discussion Regarding the Status of the Confidentiality Letter Signed by All PROC Members.

Mr. Ixta stated that all members, including new member Jeffrey DeLyser, have signed the confidentiality letter. A copy of the confidentiality letter is included in the PROC Procedures Manual.

F. Discussion and Revisions to the PROC Procedures Manual.

Mr. Ixta reviewed the revisions to the PROC Procedures Manual that were requested by members at the last PROC meeting. He gave a summary of the revisions and requested feedback from members.

The only additional edit was to remove the first sentence in Section I, paragraph E since it is duplicative of the last sentence in paragraph E.

Mr. Lee questioned whether changes were made to the Summary for Administrative Site Visit checklist to include the random samplings of peer review reports. Mr. Ixta stated that no changes were made to that checklist, but that he would check to see if revisions were requested. If revisions were requested, this issue can be addressed at the next meeting.

G. Discussion of Travel and Reimbursement Rates Effective July 1, 2013.

Mr. Ixta gave an overview of new lodging and per diem rates effective July 1, 2013. He emphasized that the rates for individual meals will change again on September 1, 2013.

VI. Future Agenda Items.

Future agenda items include:

- Draft 2013 PROC Annual Report
- Summary of Oversight of Out-of-State Peer Review Administering Entity and draft letter to AICPA
- Administrative Site Visit Checklist, if necessary

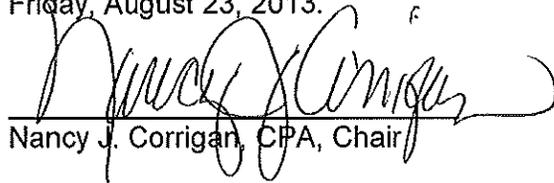
VII. Public Comment for Items Not on the Agenda.

Ms. McCrone advised that she received approval to hire another peer review administrator.

Mr. Ixta introduced Alice Tran, the new Peer Review Analyst. He also advised that the Enforcement Unit will be investigating two firms that were terminated from CalCPA's Peer Review Program for failing to comply with corrective actions.

VIII. Adjournment.

There being no further business, Ms. Corrigan adjourned the meeting at 11:32 a.m. on Friday, August 23, 2013.



A handwritten signature in black ink, appearing to read "Nancy J. Corrigan", is written over a horizontal line. The signature is fluid and cursive.

Nancy J. Corrigan, CPA, 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 X.A-C.
November 21-22, 2013

Officer Elections

Presented by: Leslie LaManna, CPA, President
Date: October 15, 2013

Purpose of the Item

The purpose of this agenda item is to present the statement of qualifications submitted by members for consideration for Officer Elections at the California Board of Accountancy (CBA) November 2013 meeting.

Action Needed

It is requested that CBA members consider all applicant's statements, including any additional candidates who express interest at the CBA meeting.

Background

The statements of qualifications are presented at the November CBA meeting. The President shall ask if there are any additional candidates for the officer positions. All candidates may be given up to five minutes of floor time to describe why they are qualified for the position. The vote for officers shall be taken by a simple hand vote. The President, Vice President, and Secretary-Treasurer serve one-year terms and may not serve more than two consecutive one-year terms. The newly elected President, Vice President, and Secretary-Treasurer shall assume the duties of their respective offices at the conclusion of the November meeting at which they were elected.

Comments

The following members have submitted statements of qualifications:

- K.T. Leung, CPA - Secretary/Treasurer (**Attachment 1**)
- Katrina L. Salazar, CPA, MBA - Secretary/Treasurer (**Attachment 2**)
- K.T. Leung, CPA - Vice President (**Attachment 3**)
- Jose A. Campos, CPA - Vice President (**Attachment 4**)
- Michael M. Savoy, CPA - President (**Attachment 5**)

Fiscal/Economic Impact

None.

Recommendation

None.

Officer Elections

Page 2 of 2

Attachments

1. Statement of qualifications for K.T. Leung, CPA.
2. Statement of qualifications for Katrina L. Salazar, CPA, MBA.
3. Statement of qualifications for K.T. Leung, CPA.
4. Statement of qualifications for Jose A. Campos, CPA.
5. Statement of qualifications for Michael M. Savoy, CPA.

Leung Accountancy Corporation

www.cpa-lac.com

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San Marino, California 91108
(626)396-9680 Fax: (626)396-9681

Orange County Office
4000 Barranca Parkway, Suite 250
Irvine, California 92604
(949)786-9680 Fax: (949)786-9681

Via email: corey.faiello-riordan@cba.ca.gov

October 11, 2013

Board of Directors
Department of Consumer Affairs
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-2832

Re: Statement of Qualifications

Dear Madams/Sirs:

It is with great honor and pleasure that I humbly submit my Statement of Qualifications to the Nominating Committee ("Committee") of the California Board of Accountancy ("CBA") for the position of Secretary/Treasurer of the CBA. I consider the challenges of being the Secretary/Treasurer an opportunity to represent and assist the CBA in accomplishing its mission, and it would be my honor to serve the CBA in this capacity.

I believe that my experiences in various aspects provide me with the unique qualifications to serve as Secretary/Treasurer of the CBA. Therefore, I am respectfully requesting that the CBA consider my candidacy. My biography (Statement of Qualifications) is attached for your review.

Should you have any questions, please do not hesitate to contact me at (626) 396-9680 x 101.

Thank you so much for your kind attention.

Sincerely,



K.T. Leung, CPA

To the board members of the California Board of Accountancy:

I respectfully submit my name for your consideration as the board's Secretary/Treasurer.

During my past 17 years of licensure, I have personally benefited from the work of this organization. As a recent addition to the board, I joined the organization in order to give back to the profession and help ensure continued consumer protection within our state.

Since joining the board, I have been a member of the Legislative Committee and visited the Capitol on behalf of the board. In addition, I am a member of the Advisory Committee for Enforcement Program Oversight and the Northern Liaison to the Enforcement Advisory Committee.

The professional experience that I bring to the table includes both public and private accounting. I have also served the profession as an adjunct faculty member teaching at two community colleges. My treasury experience includes service for various organizations including: Rotary Club of Sacramento Foundation, National Latina Business Women Association – Sacramento, YWCA Sacramento, and Commercial Real Estate Women – Northern Virginia.

As a profession, we continue to face issues with mobility, educational requirements, enforcement and sunset reviews. In addition, the board needs to remain vigilant as to how the mission of consumer protection is impacted by technological and economic changes. I believe that my background in accounting and leadership aligns itself to the requirements of this position.

I look forward to continuing service to the Board and ask for your support in electing me to the position of Treasurer.

Sincerely,

Katrina L. Salazar, CPA, MBA

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4000 Barranca Parkway, Suite 250
Irvine, California 92604
(949)786-9680 Fax: (949)786-9681

Via email: Kari.O'Connor@cba.ca.gov

September 30, 2013

Board of Directors
Department of Consumer Affairs
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-2832

Re: Statement of Qualifications

Dear Madams/Sirs:

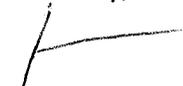
It is with great honor and pleasure that I humbly submit my Statement of Qualifications to the Nominating Committee ("Committee") of the California Board of Accountancy ("CBA") for the position of Vice President of the CBA. I consider the challenges of being the Vice President an opportunity to represent and assist the CBA in accomplishing its mission, and it would be my honor to serve the CBA in this capacity.

I believe that my experiences in various aspects provide me with the unique qualifications to serve as Vice President of the CBA. Therefore, I am respectfully requesting that the CBA consider my candidacy. My biography (Statement of Qualifications) is attached for your review.

Should you have any questions, please do not hesitate to contact me at (626) 396-9680 x 101.

Thank you so much for your kind attention.

Sincerely,



K.T. Leung, CPA

Jose A. Campos, CPA
Jcamposcpa@gmail.com
(213) 688-1823

Attachment 4

October 11, 2013

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

Dear Fellow Board Members:

I am writing to express my interest in becoming Vice President of the Board.

I have been a member of the Board since December 2012. I have quickly gotten up to speed and have very much appreciated being able to be immersed in the matters before our Board. I have been a CPA licensee since 1995 and am able to bring that perspective to the Board. I fully embrace the Board's focus on consumer protection and look forward to continuing to serve the consumers of California.

My qualifications include previously serving as Chairman of the Finance Committee of a community-based organization and my current responsibilities as a Partner at Deloitte & Touche LLP. For over twelve years and through 2006, I served on the Board of Directors of AltaMed Health Services, a nonprofit that provides health care services to the underserved in Southern California with 2012 revenues in excess of \$200 million. During my tenure, I served as Chairman of the Finance Committee of the Board and Treasurer. I am an experienced auditor with over twenty-two years of experience at Deloitte and was admitted to the partnership in 2005. I have led audit engagements of large public companies and small nonprofit organizations. In addition, I serve as the Diversity & Inclusion Leader for Deloitte's West Region Audit Practice with a focus on the recruitment, retention and development of diverse professionals.

I believe my experience will allow me to provide quality leadership to the Board and proactively engage in the challenges that our Board must tackle in the coming years.

Sincerely,



Jose A. Campos, CPA



October 7, 2013

California Board of Accountancy

Ladies and Gentlemen:

I am interested in running for the office of president for the CBA for the year 2014. Below I have set forth what I believe are my qualifications for your consideration for this position.

Since graduating college in 1973 I have worked in public accounting my entire career first in New York City and now in Los Angeles. I have worked for only 3 accounting firms in my career and presently serve as the managing partner of a 100 person CPA firm in Santa Monica.

I have given my time to serve in the community and feel that this experience is invaluable in pursuant of this position.

I formerly served on the board and finance committee of a private day school in Northridge and have also served as the school's treasurer/CFO for 6 years.

I presently serve on the finance committee, executive committee and the board of the Los Angeles Chamber of Commerce.

I am the immediate past Chairman of the Board for the Americas Region of BKR International, which is a group of 150 independent CPA firms in over 70 countries in more than 300 cities throughout the world.

I have now been on the board of the CBA for three years, presently serve as the board's vice president and have previously served as secretary/treasurer, am the chairperson for the committee on Professional Conduct, serve on the Enforcement Program Oversight committee and have gained an enormous amount of appreciation for this position along with the experience that comes with this responsibility.

I believe that my experience in both the accounting profession for over 40 years and in serving the community more than qualifies me to serve as president for the CBA for 2014.

Thank you for considering me for this position.



Michael M. Savoy, CPA



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CBA Item XII.
November 21-22, 2013

NASBA Overview of Firm Mobility Exposure Draft

Presented by: Leslie LaManna, CPA, President

Date: October 23, 2013

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the opportunity to hear information regarding the American Institute of Certified Public Accountants' (AICPA) and National Association of State Boards of Accountancy's (NASBA) Uniform Accountancy Act (UAA) Exposure Draft regarding Firm Mobility Guidance.

Action(s) Needed

The CBA will be asked if it wishes to appoint a two member taskforce to review the exposure draft and work with staff to prepare a response to be presented to the full CBA at its January 2014 meeting.

Background

At the CBA's May 2013, meeting, Ken Bishop, President and CEO of NASBA, gave a presentation on mobility and cross-border practice. At that time he informed the CBA that NASBA and AICPA were working on a firm mobility exposure draft and that once it was issued for comment, he could return to provide an overview of the draft and answer any questions members may have.

Comments

NASBA and the AICPA released the exposure draft in mid-October and are accepting comments on the exposure draft until January 31, 2014.

Mr. Bishop will be present at the CBA's November 2013, meeting to describe the changes proposed in the exposure draft and the reasoning behind making those changes. Following Mr. Bishop's overview, the CBA may wish to appoint a two member taskforce to thoroughly review the exposure draft and work with staff to prepare a proposed comment letter. With the upcoming holidays and the deadlines to prepare agenda materials, the taskforce would need to be able to move quickly on its review and letter preparation. The CBA would have the opportunity to review the proposed comment letter at its January 2014, meeting leaving sufficient time for staff to submit the CBA's comments before the January 31 deadline.

NASBA Overview of Firm Mobility Exposure Draft

Page 2 of 2

Fiscal/Economic Impact Considerations

There is no fiscal impact from this item.

Recommendation

Staff is recommending that the CBA appoint a two member taskforce to review the exposure draft and work with staff to prepare a proposed comment letter to NASBA and the AICPA for presentation to the CBA at its January 2014 meeting.

Attachment

UAA Exposure Draft – Firm Mobility Guidance

Exposure Draft

Uniform

Accountancy Act

Seventh Edition
_____, 2013

Firm Mobility Guidance

Published jointly by the
American Institute of Certified Public Accountants
1211 Avenue of the Americas, New York, NY 10036-8775
and
National Association of State Boards of Accountancy
150 4th Avenue, North, Nashville, TN 37219-2417

The base document is the 6th Edition of the UAA (pertinent parts). Changes made per the Attest ED are shown as either single blackline underlined or ~~single blackline strike through~~. Changes made per the firm mobility proposal are shown as either double blackline underlined or ~~double blackline strike through~~. Note: If the firm mobility language resulted in a change to language from the Attest ED, the Attest ED is shown as a ~~double blackline strike through~~.

(Comments must be received by January 17, 2014.)

EXPOSURE DRAFT OF UNIFORM ACCOUNTANCY ACT

After thorough consideration of the key issues discussed below, leadership of NASBA and AICPA strongly believe, as long as the existing element of public protection is preserved, the time has come to give serious consideration to enact firm mobility, as a logical extension of individual mobility. The necessary changes to the Uniform Accountancy Act reflected in the accompanying Exposure Draft retain the essential ownership, peer review and consent to jurisdiction concepts, and thus the vital element of protection of the public is preserved.

Beginning in 2006, the efforts of NASBA, State Boards of Accountancy, AICPA and state CPA societies resulted in virtually uniform enactment by NASBA's 55 jurisdictions of "no notice, no fee, no escape" practice privileges for qualified ("substantially equivalent") individuals who cross state lines. While there are professional services which the practice privilege individuals can perform without creating a registration requirement for the out-of-state firms that employ them, such firm registration is required if the individuals are performing certain specified attest services.

The essential element of protection of the public interest was carefully considered when the individual practice privilege provision was added to the UAA. The substantial equivalence requirements (education, examination and experience) provide the "host" state with the assurance that the "visiting" individuals are equal to its own state's licensees. The same quality assurance concept exists as to the visiting firms which employ these individuals performing attest services. The firms are required to meet the host state's ownership and peer review requirements. Furthermore, both the individuals and the firms that employ them automatically consent to the jurisdiction and disciplinary authority of the host state's Board of Accountancy. This is critical to effective protection of the public.

The enactment of practice privileges has created a significantly greater similarity in licensure requirements among the vast majority of states. The public has benefited through an enhanced ability to engage the CPA firm/individuals they believe to be most appropriate, without concerning themselves with the various state licensure issues. This conformity has also been very beneficial for both the qualified individuals and their firms, as they can now practice across state lines without dealing with either uncertainty as to their status from state to state or the burden of excess paperwork.

There are currently about 16 states (by statute or practice) that do not specifically require a visiting firm to obtain a permit even when their employed individuals are performing attest services. Considering this factor, in addition to the significant increase in the volume of cross-border practice that has resulted from the virtually complete enactment of individual practice privileges, it is appropriate to consider the issue of whether the various states have experienced a rise in the number of related consumer complaints. In this regard, surveys performed to date clearly indicate that the states are not experiencing increased disciplinary problems attributable to the increase in practice across state lines. In the few instances when such problems have arisen, they have been effectively dealt with by the host state, with additional referral to the Board of Accountancy in the principal place of business state of the visiting licensee.

The combination of the attest definition change and the firm mobility proposal presents a logical extension of substantial equivalence for individuals: if a CPA firm complies with peer review and firm ownership, for all practical purposes it has a gold pass and only has to register in states where it has an office. Furthermore, firms (without in-state offices) can use the CPA title and provide compilations and other nonattest services without a permit so long as they do so through an individual with practice privileges and the firm can lawfully render those services in the principal place of business states of the practice privilege individuals.

Public protection is enhanced because the proposal favors firms that are peer reviewed, avoids the potential ambiguity of the “home office” issue, and extends administrative jurisdiction over any firm offering or rendering services in the state. The greatest protection is simply and logically provided for all attest services including various SSAE services that also require technical competence, independence in mental attitude, due professional care, adequate planning and supervision, sufficient evidence, and appropriate reporting. From the standpoint of both public protection and firm mobility, the CPAs and CPA firms from the 48 states which already require peer review will be able to “move freely about the country...” without obtaining permits in states where they have no office or worrying about whether their client has a “home office” in a particular state.

In conclusion, the digital age continues to generate a significant expansion of the interstate practice of public accountancy. Consequently, it is important to our economy that such practice be encouraged / facilitated in a manner consistent with the protection of all users of the services – i.e., the public. Enactment of this proposal will enable firms that are licensed in at least one state and meet the UAA ownership and peer review requirements to temporarily practice across state lines without a permit. Firms that do not meet such requirements will still have to obtain a permit in the visiting state. Enactment could also have the positive effect of providing strong incentive for those states whose licensure requirements do not conform to those prescribed by the UAA to amend their statutes, in order to enhance protection of the public and create a more efficient pathway to interstate practice for their own licensees. The entire proposal is thus presented in the spirit of providing all stakeholders with a safe and more efficient pathway for the interstate practice of public accountancy.

Stephen S. McConnel, CPA
Chair, AICPA UAA Committee

Kenneth R. Odom, CPA
Chair, NASBA UAA Committee

NOTE: This proposed language builds upon the current exposure draft revising the definition of “attest.” Thus, changes arising solely from the “attest” exposure draft are marked in single underline or single strikethrough, while additional revisions from the new firm mobility language are identified by double underlining and double strikethrough.

Introductory Comments

The Fundamental Principles That Should Govern the Regulation of Certified Public Accountants

Eighth, it is desirable that there be, to the maximum extent feasible, uniformity among jurisdictions with regard to those aspects of the regulatory structure that bear upon the qualifications required of licensees. Because many of the clients or employers of CPAs are multistate enterprises, much of the practice of CPAs has an interstate character; consequently, CPAs must be able to move freely between states. The need for interstate mobility and maintenance of high minimum standards of competence in the public interest requires uniform licensing qualifications, insofar as possible, among the states.

Ninth, and finally, it is essential that mobility for individual CPAs and CPA Firms be enhanced. With respect to the goal of portability of the CPA title and mobility of CPAs across state lines, the cornerstone of the approach recommended by this Act is the standard of “substantial equivalency” set out in Section 23. Under substantial equivalency, a CPA’s ability to obtain reciprocity ~~would be~~ is simplified and they ~~would~~ have the right to practice in another state without the need to obtain an additional license in that state unless it is where their principal place of business is located, as determined by the licensee. Individuals ~~would be~~ are not ~~be~~ denied reciprocity or practice rights because of minor or immaterial differences in the requirements for CPA certification from state-to-state. ~~However, individuals with practice privileges who wish to provide certain attest services for a client whose home office is in a state must do so only through a firm with a permit in the practice privilege state.~~

Substantial equivalency is a determination by the Board of Accountancy, or NASBA, that the education, examination and experience requirements contained in the statutes and administrative rules of another jurisdiction are comparable to, or exceed, the education, examination and experience requirements contained in the Uniform Accountancy Act. If the state of licensure does not meet the substantial equivalency standard, individual CPAs may demonstrate that they

personally have education, examination and experience qualifications that are comparable to or exceed those in the Uniform Accountancy Act.

For purposes of individual practice rights privileges, an applicant that has an active certificate as a certified public accountant from any jurisdiction that has obtained from the Board of Accountancy or NASBA a determination of substantial equivalency with the Uniform Accountancy Act's CPA certificate requirements shall be presumed to have qualifications substantially equivalent to this jurisdiction's. Individual CPAs from states that are not substantially equivalent may qualify under the substantial equivalency standard on an individual basis. Any CPA that wants to obtain a reciprocal certificate under substantial equivalency must personally possess qualifications that are substantially equivalent to, or exceed, the CPA licensure provisions in the Uniform Accountancy Act.

Firm mobility would be enhanced because even though an individual using practice privileges must render attest services through a CPA firm licensed in some state, if the firm complies with the ownership (Section 7(c)) and peer review (Section 7(h)) requirements, the firm would only need a permit in the states in which it has an office, regardless of the type of service or where such service is performed. The ownership and peer review requirements would thus protect the "visiting state" through firm quality standards comparable to substantial equivalency for practice privilege individuals. For purposes of firm mobility, a firm holding a valid permit from a U.S. jurisdiction, complying with the firm ownership and peer review requirements, would be able to perform any professional service (including attest) in any other state so long as it does so through individuals with practice privileges who can lawfully do so in the state where said individuals have their principal place of business. A firm not meeting both the ownership and peer review requirements could provide nonattest services and use the "CPA" title in any other state so long as it does so through individuals with practice privileges, and so long as the firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business. Indeed, a firm complying with Section 7(a)(1)(C) would only have to obtain permits in states where it has offices.

In the interest of obtaining maximum uniformity and interstate mobility, and assuring that CPAs are subject to only one type of regulatory scheme, the Uniform Act should be the standard of regulation for certificate holders in the U.S. and its jurisdictions. All states and jurisdictions should seek to adopt the Uniform Act to provide uniformity in accountancy regulation. Uniformity will become even more essential in the future as international trade agreements continue to be adopted causing the accounting profession to adopt a global focus.

UAA Section 3

Definitions

When used in this Act, the following terms have the meanings indicated:

- (a) "AICPA" means the American Institute of Certified Public Accountants.**
- (b) "Attest" means providing the following ~~financial statement~~ services:**
 - (1) any audit or other engagement to be performed in accordance with the Statements on Auditing Standards (SAS);**
 - (2) any review of a financial statement to be performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);**
 - (3) any examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); ~~and~~**
 - (4) any engagement to be performed in accordance with the standards of the PCAOB; and**
 - (5) any examination, review, or agreed upon procedures engagement to be performed in accordance with the SSAE, other than an examination described in subsection (3).**

The standards specified in this definition shall be adopted by reference by the Board pursuant to rulemaking and shall be those developed for general application by recognized national accountancy organizations, such as the AICPA and the PCAOB.

COMMENT: Subject to the exceptions set out in ~~Section~~ Sections 7, 14, and 23(a)(4), these services are restricted to licensees and CPA firms under the Act, and licensees can only perform the attest services through a CPA firm. Individual licensees may perform the services described in Section 3(f) as employees of firms that do not hold a permit under Section 7 of this Act, so long as they comply with the peer review requirements of Section 6(j). Other ~~attestation professional~~ services are not restricted to licensees or CPA firms; however, when licensees perform those services they are regulated by the state board of accountancy. See also the definition of Report. The definition also includes references to the Public Company Accounting Oversight Board (PCAOB) which make it clear that the PCAOB is a regulatory authority that sets professional standards applicable to engagements within its jurisdiction.

Regarding SSAE engagements, subsections 3(b)(3) and (5) ~~only includes~~ include SSAE engagements pertaining to the examination of prospective financial information, ~~while subsection 3(b)(5) expressly includes~~ as well as other SSAE engagements. Thus, like other services included in this definition of "Attest," they are all restricted to licensees and CPA firms. Although these respective services have been bifurcated in the definition of "Attest," only CPAs

can provide the services, and they must do so only through firms that either have a permit or comply with Section 7(a)(1)(C).

However, Sections 7, 14 and 23 also mandate that certain types of "Attest" services must be rendered only through licensed CPA Firms. Specifically, Section 7(a)(1)(C) requires licensure of an out-of-state firm even if it does "not have an office in this state but performs attest services described in Section 3(b)(1), (3) or (4) of this Act for a client having its home office in this 5 state."

By identifying the other SSAE services (that is, other services but not "examinations of prospective financial information") in a different subsection (5), they, along with the services described in subsections 3(b)(2) (reviews of financial statements according to SSARS), are "Attest" services restricted to CPAs, but out-of-state CPA Firms rendering these services do not have to obtain a permit in every state in which they provide that type of Attest service. Hence, although both 3(b)(3) and 3(b)(5) SSAE services are "Attest" services, only those SSAE services included in 3(b)(3) must be rendered through CPA Firms licensed in every state in which the services are provided. The differentiation between these two categories of SSAE services therefore reduces the burden of multistate licensure and enhances mobility for individual licensees as well as CPA Firms.

This definition of "attest" includes both examinations of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements (SSAE) as well as "any examination, review, or agreed upon procedures engagement, to be performed in accordance with SSAE."

~~(h) "Home office" is the location specified by the client as the address to which a service described in Section 23(a)(4) is directed.~~

~~*Comment:* Under this provision, as a practical matter, a firm must have a permit in the state specified by the client for Section 23(a)(4) services. Thus, for example, the client may specify that a Section 23(a)(4) service for a subpart or subsidiary of an entity be directed to the location of that subpart or subsidiary. It should also be remembered that, regardless of whether or not the firm has a permit in that state, under Section 23(a)(3), a state board has administrative jurisdiction over individual licensees as well as firms offering or rendering professional services in that state. It should also be noted that other terms such as "headquarters" and "principal place of business" were not used because of extant uses of both terms that might be confusing or defeat the purpose of the mobility revisions.~~

~~i) "License" means a certificate issued under Section 6 of this Act, a permit issued under Section 7 or a registration under Section 8; or, in each case, a certificate or permit issued under corresponding provisions of prior law.~~

COMMENT: See commentary to ~~section~~Section 3(j) below.

(j) “Licensee” means the holder of a license as defined in Section 3(~~j~~h).

COMMENT: This term is intended simply to allow for briefer references in provisions that apply to holders of certificates, holders of permits and holders of registrations. See ~~section~~Section 4(h), regarding rules to be promulgated by the Board of Accountancy; ~~section~~Section 5(b), regarding the meaning of “good moral character” in relation to the professional responsibility of a licensee; Sections 11(c) and (d), regarding Board investigations; Sections 12(a)-(c), (i), and (k), relating to hearings by the Board; ~~section~~Section 18, relating to confidential communications; and Sections 19(a) and (b), regarding licensees’ working papers and clients’ records. Pursuant to Section 14(p), individuals and firms using practice privileges in this State are treated as “Licensees” for purposes of other requirements and restrictions in Section 14.

(r) “Report,” when used with reference to ~~financial statements~~any attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of ~~any~~the attested information or compiled financial statements and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term “report” includes any form of language which disclaims an opinion when such form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to and/or special competence on the part of the person or firm issuing such language; and it includes any other form of language that is conventionally understood to imply such assurance **and/or** such special knowledge or competence.

COMMENT: As has been explained in the introductory comments, the audit function, which this term is intended to define, is the principal kind of professional accounting service for which a license would be required under the Uniform Act. The term has its most important operative use in ~~section~~ Section 14(a) of the Act, which prohibits persons not licensed from performing that function as well as any attest or compilation services as defined above.

It is a point of fundamental significance that the audit function is defined, not in terms of the work actually done, but rather in terms of the issuance of an opinion or a report--that is, the making of assertions, explicit or implied--about work that has been done. It is such reports, or assertions, upon which persons using ~~financial statements~~ attested information (whether clients or third parties) rely, reliance being invited by the assertion, whether explicit or by implication, of expertise on the part of the person or firm issuing the opinion or report. Thus, this definition is sought to be drawn broadly enough to encompass all those cases where either the language of the report itself, or other language accompanying the report, carries both a positive assurance regarding the reliability of the ~~financial~~ information in question, and an implication (which may be drawn from the language of the report itself) that the person or firm issuing the report has special competence which gives substance to the assurance.

The definition includes disclaimers of opinion when they are phrased in a fashion which is conventionally understood as implying some positive assurance because authoritative accounting literature contemplates several circumstances in which a disclaimer of opinion in standard form implies just such assurances. The same reasoning that makes it appropriate to include disclaimers of opinion in conventional form within the definition of this term makes it appropriate to apply the prohibition on the issuance by unlicensed persons of reports, as so defined, on "reviews" and "compilations" and other communications with respect to "compilations" within the meaning of the AICPA's Statements on Standards for Accounting and Review Services (SSARS), when the language in which the report or other compilation communication is phrased is that prescribed by SSARS or any report that is prescribed by the AICPA's Statements on Standards for Attestation Engagements (SSAE). This is done in ~~section~~ Section 14(a). These prohibitions, again, do not apply to the services actually performed--which is to say that there is no prohibition on the performance by unlicensed persons of either reviews or compilations, in the sense contemplated by SSARS, but only on the issuance of reports or other compilation communications asserting or implying that their author has complied or will comply with the SSARS standards for such reviews and compilations and has the demonstrated capabilities so to comply.

SECTION 7 FIRM PERMITS TO PRACTICE, ATTEST AND COMPILATION COMPETENCY, AND PEER REVIEW

(a) The Board shall grant or renew permits to practice as a CPA firm to applicants that demonstrate their qualifications therefor in accordance with this Section.

(1) The following must hold a permit issued under this Section:

- (A) Any firm with an office in this state performing attest services as defined in Section 3(b) of this Act; or
- (B) Any firm with an office in this state that uses the title “CPA” or “CPA firm”; or
- (C) Any firm that does not have an office in this state but ~~performs~~ offers or renders attest services as described in subsections Section 3(b)(2), 3(b)(5) or 3(f) of this Act for a client having its home office in this state, unless it meets each of the ~~— A firm which does not have an office in this state may perform services described in subsections 3(b)(2) or 3(f) for a client having its home office in this state and may use the title “CPA” or “CPA firm” without a permit issued under this Section only if: following requirements:~~

~~(A) — it has~~ (i) it complies with the qualifications described in Section 7(c);

~~(ii) — it complies with~~ the qualifications described in subsections 7(e) [ownership] and Section 7(h) [peer review], and;

~~(B) — it~~ iii) it performs such services through an individual with practice privileges under Section 23 of the this Act; and

~~(iv) — it can lawfully do so in the state where said individuals with~~ practice privileges have their principal place of business.

~~(2) — A firm which does not have an office in this state may perform services described in subsections 3(b)(2) or 3(f) for a client having its home office in this state and may use the title “CPA” or “CPA firm” without a permit issued under this Section only if:~~

~~(A) — it has the qualifications described in subsections 7(e) [ownership] and 7(h) [peer review], and~~

~~(B) — it performs such services through an individual with practice privileges under Section 23 of the Act.~~

(2) ~~(3) —~~ A firm which is not subject to the requirements of Section 7(a)(1)(C) or 7(a)(2) may perform services described in Section 3(f) and other nonattest professional services while using the title “CPA” or “CPA firm” in this state without a permit issued under this Section only if:

(A) it performs such services through an individual with practice privileges under Section 23 of the Act; and

- (B) it can lawfully do so in the state where said individuals with practice privileges have their principal place of business.**

COMMENT: This Uniform Act departs from the pattern of some accountancy laws now in effect in eliminating any separate requirement for the registration of firms and of offices. The information gathering and other functions accomplished by such registration should be equally easily accomplished as part of the process of issuing firm permits under this section. The difference is, again, one of form more than of substance but one that should be kept in mind if consideration is given to fitting the permit provisions of this Uniform Act into an existing law.

As pointed out in the comment following ~~section~~ Section 3(g), above, because a CPA firm is defined to include a sole proprietorship, the permits contemplated by this section would be required of sole practitioners as well as larger practice entities. To avoid unnecessary duplication of paperwork, a Board could, if it deemed appropriate, offer a joint application form for certificates and sole practitioner firm permits.

This provision also makes it clear that firms with an office in this state may not provide attest services as defined, or call themselves CPA firms without a license in this state. Certified Public Accountants are not required to offer services to the public, other than attest services, through a CPA firm. CPAs may offer non-attest services through any type of entity they choose, and there are no requirements in terms of a certain percentage of CPA ownership for these types of entities as long as they do not call themselves a “CPA firm” or use the term “CPA” in association with the entity’s name. These non-CPA firms are not required to be licensed by the State Board.

Out-of-state firms without an office in this state may provide ~~attest~~ services other than those described in Section ~~23(a)(4)(b)~~ for a client ~~which has its home office~~ in this state and call themselves CPA firms in this state without having a permit from this state, so long as they do so through a licensee or individual with practice privileges, and so long as they are qualified to do so under the requirements of Section 7(a)(2). ~~Depending on the services provided, and In addition, if the firm calls itself a CPA firm, such a firm is subject is exempt from the permit requirement pursuant to the requirements described in revised subsection 7(a)(2)(A) or subsection 7(a)(3)(B), whichever is applicable. Section 7(a)(1)(C), no permit is required regardless of the type of attest services or where the services are performed.~~

A firm that does not comply with ownership (Section 7(c)) and peer review (Section 7(h)) requirements must obtain a permit in a state before offering or rendering any attest service in that state.

- (b) Permits shall be initially issued and renewed for periods of not more than three years but in any event expiring on [specified date] following issuance or renewal. Applications for permits shall be made in such form, and in the case of applications for renewal, between such dates as the Board may by rule specify, and the Board shall grant or deny any such application no later than ____ days after the application is filed in proper form. In any case where the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied or**

where the Board is not able to determine whether it should be granted or denied, the Board may issue to the applicant a provisional permit, which shall expire ninety days after its issuance or when the Board determines whether or not to issue or renew the permit for which application was made, whichever shall first occur.

COMMENT: See the comment following ~~section~~ Section 6(b) regarding the renewal period.

(c) An applicant for initial issuance or renewal of a permit to practice under this Section shall be required to show that:

(1) Notwithstanding any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members or managers, belongs to holders of a certificate who are licensed in some state, and such partners, officers, shareholders, members or managers, whose principal place of business is in this state, and who perform professional services in this state hold a valid certificate issued under Section 6 of this Act or the corresponding provision of prior law or are public accountants registered under Section 8 of this Act. Although firms may include non-licensee owners, the firm and its ownership must comply with rules promulgated by the Board. For firms of public accountants, at least a simple majority of the ownership of the firm, in terms of financial interests and voting rights, must belong to holders of registrations under Section 8 of this Act. An individual who has practice privileges under Section 23 who performs services for which a firm permit is required under Section 23(a)(4) shall not be required to obtain a certificate from this state pursuant to Section 6 of this Act.

COMMENT: The limitation of the requirement of certificates to partners, officers, shareholders, members and managers who have their principal place of business in the state is intended to allow some latitude for occasional visits and limited assignments within the state of firm personnel who are based elsewhere. If those out-of-state individuals qualify for practice privileges under Section 23 and do not have their principal places of business in this state, they do not have to be licensed in this state. In addition, the requirement allows for non-licensee ownership of licensed firms.

(2) Any CPA or PA firm as defined in this Act may include non-licensee owners provided that:

(A) The firm designates a licensee of this state, or in the case of a firm which must have a permit pursuant to Section 23(a)(4) a licensee of another state who meets the requirements set out in Section 23(a)(1) or in Section 23(a)(2), who is responsible for the proper registration of the firm and identifies that individual to the Board.

- (B) All non-licensee owners are of good moral character and active individual participants in the CPA or PA firm or affiliated entities.
 - (C) The firm complies with such other requirements as the ~~board~~ Board may impose by rule.
- (3) Any individual licensee and any individual granted practice privileges under this Act who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report on ~~the financial statements on behalf of the firm,~~ shall meet the competency requirements set out in the professional standards for such services.
 - (4) Any individual licensee and any individual granted practice privileges under this Act who signs or authorizes someone to sign the accountants' report on ~~the financial statements on behalf of the firm~~ shall meet the competency requirement of the prior subsection.

COMMENT: Because of the greater sensitivity of attest and compilation services, professional standards should set out an appropriate competency requirement for those who supervise them and sign attest or compilation reports. However, the accountant's report in such engagements may be supervised, or signed, or the signature authorized for the CPA firm by a practice privileged individual.

SECTION 14 UNLAWFUL ACTS

- (a) Only licensees and individuals who have practice privileges under Section 23 of this Act may issue a report on financial statements of any person, firm, organization, or governmental unit or offer to render or render any attest or compilation service, as defined herein. This restriction does not prohibit any act of a public official or public employee in the performance of that person's duties as such; or prohibit the performance by any non-licensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports thereon. Non-licensees may prepare financial statements and issue non-attest transmittals or information thereon which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS).

COMMENT: This provision, giving application to the definition of attest in Section 3(b) and report in ~~section~~ Section 3(~~sr~~) above, is the cornerstone prohibition of the Uniform Act, reserving the performance of those professional services calling upon the highest degree of professional skill and having greatest consequence for persons using financial statements--attested information--namely, the audit function and other attest and compilation services as defined herein -- to licensees. It is so drafted as to make as clear and emphatic as possible the limited

nature of this exclusively reserved function and the rights of unlicensed persons to perform all other functions. ~~This wording addresses concerns that this exemption could otherwise, by negative implication, allow non-licensees to prepare any report on a financial statement other than a SSARS i.e., other attestation standards.~~ Consistent with Section 23, individuals with practice privileges may render these reserved professional services to the same extent as licensees in this state.

This provision is also intended to extend the reservation of the audit function to other services that also call for special skills and carry particular consequence for users of such other services of financial statements attest information albeit in each respect to a lesser degree than the audit function ~~namely,~~ Thus, reserved services include the performance of compilations and reviews of financial statements, in accordance with the AICPA's Statements on Standards for Accounting and Review Services, which set out the standards to be met in a compilation or review and specify the form of communication to management or report to be issued, and Also reserved to licensees are attestation engagements performed in accordance with Statements on Standards for Attestation Engagements which set forth the standards to be met and the reporting on the engagements enumerated in the SSAEs. The subsection is intended to prevent issuance by non-licensees of reports or communication to management using that standard language or language deceptively similar to it. Safe harbor language which may be used by non-licensees is set out in Model Rule 14-2.

- (b) Licensees and individuals who have practice privileges under Section 23 of this Act performing attest or compilation services must provide those services in accordance with applicable professional standards.**
- (c) No person not holding a valid certificate or a practice privilege pursuant to Section 23 of this Act shall use or assume the title "certified public accountant," or the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a certified public accountant.**

COMMENT: This subsection prohibits the use by persons not holding certificates, or practice privileges, of the two titles, "certified public accountant" and "CPA," that are specifically and inextricably tied to the granting of a certificate as certified public accountant under ~~section~~ Section 6.

- (d) No firm shall provide attest services or assume or use the title "certified public accountants," or the abbreviation "CPAs," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is a CPA firm unless (1) the firm holds a valid permit issued under Section 7 of this Act, and (2) ownership of the firm is in accord with this Act and rules promulgated by the Board.**

COMMENT: Like the preceding subsection, this one restricts use of the two titles "certified public accountants" and "CPAs," but in this instance by firms, requiring the holding of a firm

permit to practice unless they qualify for exemption as explained in Section 14(p). It also restricts unlicensed firms from providing attest services.

- (e) **No person shall assume or use the title “public accountant,” or the abbreviation “PA,” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such person is a public accountant unless that person holds a valid registration issued under Section 8 of this Act.**

COMMENT: This subsection, and the one that follows, reserve the title “public accountant” and its abbreviation in the same fashion as subsections (c) and (d) do for the title “certified public accountant” and its abbreviation. The two provisions would of course only be required in a jurisdiction where there were grandfathered public accountants as contemplated by ~~section~~ Section 8.

- (f) **No firm not holding a valid permit issued under Section 7 of this Act shall provide attest services or assume or use the title “public accountant,” the abbreviation “PA,” or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such firm is composed of public accountants.**

COMMENT: See the comments following subsections (d) and (e).

- (g) **No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act, shall assume or use the title “certified accountant,” “chartered accountant,” “enrolled accountant,” “licensed accountant,” “registered accountant,” “accredited accountant,” or any other title or designation likely to be confused with the titles “certified public accountant” or “public accountant,” or use any of the abbreviations “CA,” “LA,” “RA,” “AA,” or similar abbreviation likely to be confused with the abbreviations “CPA” or “PA.” The title “Enrolled Agent” or “EA” may only be used by individuals so designated by the Internal Revenue Service.**

COMMENT: This provision is intended to supplement the prohibitions of subsections (c) through (f) on use of titles by prohibiting other titles that may be misleadingly similar to the titles specifically reserved to licensees or that otherwise suggest that their holders are licensed.

- (h)(1) **Non-licensees may not use language in any statement relating to the ~~financial~~ affairs of a person or entity which is conventionally used by licensees in reports on financial statements or any attest service as defined herein. In this regard, the Board shall issue safe harbor language non-licensees may use in connection with such financial information.**

- (2) **No person or firm not holding a valid certificate, permit or registration issued under Sections 6, 7, or 8 of this Act shall assume or use any title or designation that includes the words “accountant,” “auditor,” or “accounting,” in connection with any other language (including the language of a report) that implies that such person or firm holds such a certificate, permit, or registration or has special**

competence as an accountant or auditor, provided, however, that this subsection does not prohibit any officer, partner, member, manager or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds therein nor prohibit any act of a public official or employee in the performance of the person's duties as such.

COMMENT: This provision clarifies the language and titles that are prohibited for non-licensees. Like the preceding subsection, subsection (h)(2) of this provision is intended to supplement the prohibitions of subsections (c) through (f), by prohibiting other titles which may be misleadingly similar to the specifically reserved titles or that otherwise suggest licensure. In the interest of making the prohibition against the issuance by unlicensed persons of reports on audits, reviews, ~~and compilations~~ and reports issued under the SSAE as tight and difficult to evade as possible, there is also some overlap between this provision and the prohibitions in subsection (a). Safe harbor language is set out in Rule 14-2.

- (i) **No person holding a certificate or registration or firm holding a permit under this Act shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers or shareholders of the firm, or about any other matter, provided, however, that names of one or more former partners, members, managers or shareholders may be included in the name of a firm or its successor. A common brand name, including common initials, used by a CPA Firm in its name, is not misleading if said firm is a Network Firm as defined in the AICPA Code of Professional Conduct ("Code") in effect July 1, 2011 and, when offering or rendering services that require independence under AICPA standards, said firm must comply with the Code's applicable standards on independence.**

COMMENT: With regard to use of a common brand name or common initials by a Network Firm, this language should be considered in conjunction with Rules 14-1(c) and (d), which provide further clarity and guidance.

- (j) **None of the foregoing provisions of this Section shall have any application to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder thereof to engage in the practice of public accountancy or its equivalent in such country, whose activities in this State are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds such entitlement, who performs no attest or compilation services as defined in this Act and who issues no reports as defined in this Act with respect to ~~the financial statements-information~~ of any other persons, firms, or governmental units in this State, and who does not use in this State any title or designation other than the one under which the person practices in such country, followed by a translation of such title or designation into the English language, if it is in a different language, and by the name of such country.**

COMMENT: The right spelled out in this provision, of foreign licensees to provide services in the state to foreign-based clients, looking to the issuance of reports only in foreign countries, is essentially what foreign licensees have a right to do under most laws now in effect, simply because no provision in those laws restricts such a right. The foreign titles used by foreign licensees might otherwise run afoul of standard prohibitions with respect to titles (such as one on titles misleadingly similar to “CPA”), but this provision would grant a dispensation not found in most laws now in force.

- (k) No holder of a certificate issued under Section 6 of this Act or a registration issued under Section 8 of this Act shall perform attest services through any business form that does not hold a valid permit issued under Section 7 of this Act.**

COMMENT: See the comments following Sections 6(a), 7(a), and 8.

- (l) No individual licensee shall issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under Section 7 of this Act unless the report discloses the name of the business through which the individual is issuing the report, and the individual:**

- (1) signs the compilation report identifying the individual as a CPA or PA,**
- (2) meets the competency requirement provided in applicable standards, and**
- (3) undergoes no less frequently than once every three years, a peer review conducted in such manner as the Board shall by rule specify, and such review shall include verification that such individual has met the competency requirements set out in professional standards for such services.**

- (m) Nothing herein shall prohibit a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney’s professional work in the practice of law.**

- (n)(1) A licensee shall not for a commission recommend or refer to a client any product or service, or for a commission recommend or refer any product or service to be supplied by a client, or receive a commission, when the licensee also performs for that client,**

- (A) an audit or review of a financial statement; or**
- (B) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee’s compilation report does not disclose a lack of independence; or**

(C) an examination of prospective financial information

This prohibition applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in such listed services.

- (2) A licensee who is not prohibited by this section from performing services for or receiving a commission and who is paid or expects to be paid a commission shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission relates.**
- (3) Any licensee who accepts a referral fee for recommending or referring any service of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.**

(o)(1) A licensee shall not:

- (A) perform for a contingent fee any professional services for, or receive such a fee from a client for whom the licensee or the licensee's firm performs,**
 - (i) an audit or review of a financial statement; or**
 - (ii) a compilation of a financial statement when the licensee expects, or reasonably might expect, that a third party will use the financial statement and the licensee's compilation report does not disclose a lack of independence; or**
 - (iii) an examination of prospective financial information.; or**
- (B) Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.**

- (2) The prohibition in (1) above applies during the period in which the licensee is engaged to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.**
- (3) Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this section, fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. A licensee's fees may vary depending, for example, on the complexity of services rendered.**

COMMENT: Section 14(n) on commissions is based on Rule 503 of the AICPA Code of Professional Conduct. Section 14(o) on contingent fees is based on Rule 302 of the AICPA Code of Professional Conduct.

- (p) **Notwithstanding anything to the contrary in this Section, it shall not be a violation of this Section for a firm which does not hold a valid permit under Section 7 of this Act and which does not have an office in this state to use the title “CPA” or “Certified Public Accountants” as a part of the firm’s name and to provide its professional services in this state, and licensees and individuals with practice privileges may provide services on behalf of such firms so long as ~~it~~ the firm complies with the requirements of Section 7(a)(1)(C) or Section 7(a)(2) or 7(a)(3), whichever is applicable. An individual or firm authorized under this provision to use practice privileges in this state shall comply with the requirements otherwise applicable to licensees in Section 14 of this Act.**

COMMENT: Section 14(p) has been added along with revisions to Sections 23 and 7, to provide that as long as an out-of-state firm complies with the requirements of ~~new~~ Section 7(a)(~~21~~)(C) or 7(a)(~~32~~), whichever is applicable, it can do so through practice privileged individuals without a CPA firm permit from this state. The addition of the last sentence of this Section 14(p) makes certain other provisions of Section 14 that otherwise pertain only to “licensees” (specifically, Sections 14 (h), (k), (l), (n), and (o)) directly applicable to individuals and firms which are exempt from licensing or permit requirements in this state.

SECTION 23 SUBSTANTIAL EQUIVALENCY

- (a) (4) **An individual who has been granted practice privileges under this section who, ~~for any entity with its home office in this state,~~ performs any ~~of the following services;~~**
- ~~(A) any financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards;~~
 - ~~(B) any examination of prospective financial information to be performed in accordance with Statements on Standards for Attestation Engagements; or~~
 - ~~(C) any engagement to be performed in accordance with PCAOB auditing standards;~~

May attest service described in Section 3(b) may only do so through a firm which meets the requirements of Section 7(a)(1)(C) or which has obtained a permit issued under Section 7 of this Act.

COMMENT: Subsection 23(a)(3) is intended to allow state boards to discipline licensees from other states that practice in their state. If an individual licensee is using these practice privileges to offer or render professional services in this state on behalf of a firm, Section 23(a)(3) also facilitates state board jurisdiction over the firm as well as the individual licensee even if the firm is not required to obtain a permit in this state. Under Section 23(a), State Boards could utilize the NASBA National Qualification Appraisal Service for determining whether another state's certification criteria are "substantially equivalent" to the national standard outlined in the AICPA/NASBA Uniform Accountancy Act. If a state is determined to be "substantially equivalent," then individuals from that state would have ease of practice rights in other states. Individuals who personally meet the substantial equivalency standard may also apply to the National Qualification Appraisal Service if the state in which they are licensed is not substantially equivalent to the UAA.

Individual CPAs who practice across state lines or who service clients in another state via electronic technology would not be required to obtain a reciprocal certificate or license if their state of original certification is deemed substantially equivalent, or if they are individually deemed substantially equivalent. However, licensure is required in the state where the CPA has their principal place of business. If a CPA relocates to another state and establishes their principal place of business in that state or if a firm performs any of the services described in Section 23(a)(4) and does not qualify for exemption under Section 7(a)(1)(C), then they would be required to obtain a license certificate in that state. ~~As a result of the elimination of any notification requirement combined with the automatic jurisdiction over any firm that has employees utilizing practice privileges in the state, former subsections 7(i) and 7(j) have been deleted.~~

~~Unlike prior versions of this Section, the revised~~ The provision provides that practice privileges shall be granted and that there shall be no notification. With the strong addition of a stronger Consent requirement (subsection 23(a)(3)), (i) there appears to be no need for individual notification_ since the nature of an enforcement complaint would in any event require the identification of the CPA, (ii) online licensee databases have greatly improved, and (iii) both the individual CPA practicing on the basis of substantial equivalency as well as the individual's employer will be subject to enforcement action in any state under Section 23(a)(3) regardless of a notification requirement.

Implementation of the "substantial equivalency" standard and creation of the National Qualification Appraisal Service have made a significant improvement in the current regulatory system and assist in accomplishing the goal of portability of the CPA title and mobility of CPAs across state lines.

Section 23(a)(4) clarifies situations in which the individual could be required to provide services through a CPA firm holding a permit issued by the state in which the individual is using practice privileges in providing attest services.

Section 23(a)(4) in conjunction with companion revisions to Sections 3, 7 and 14, ~~still provide that an enhanced firm mobility by allowing the individual with to use practice privileges cannot do the following as an employee of in providing attest services through a firm unless the firm holds with a CPA firm permit from this any state:~~

- ~~• perform an examination of prospective financial information in accordance so long as the firm complies with SSAE for any entity with its home the ownership and peer review requirements. Such firms would only need to obtain permits from states in which they have an office. in this state~~

~~perform an engagement. The types of attest services and where the services are performed would not matter. Any firm that does not satisfy both requirements (ownership and peer review) would have to obtain a permit in accordance with PCAOB standards for any entity with its home office the state in this state which the firm is providing attest services.~~

- ~~• perform an audit or other engagement in accordance with SAS for any entity with its home office in this state~~

In order to be deemed substantially equivalent under Section 23(a)(1), a state must adopt the 150-hour education requirement established in Section 5(c)(2). A few states have not yet implemented the education provision. In order to allow a reasonable transition period, Section 23(a)(2) provides that an individual who has passed the Uniform CPA examination and holds an active license from a state that is not yet substantially equivalent may be individually exempt from the 150-hour education requirement and may be allowed to use practice privileges in this state if the individual was licensed prior to January 1, 2012.

Section 23(a)(3)(D) simplifies state board enforcement against out-of-state persons using practice privileges by requiring consent to appointment of the state board of the person's principal place of business for service of process. This important provision facilitates the prerogative of the state board to administratively discipline or revoke the practice privilege. This provision supplements Section 9, which provides for the appointment of the Secretary of State as the agent upon whom process may be served in any action or proceeding against the applicant arising out of any transaction or operation connected with or incidental to services performed by the applicant while a licensee within this State.

Memorandum

CBA Agenda Item XIII.
November 21-22, 2013

To : CBA Members

Date : November 18, 2013

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail: : cfriordan@cba.ca.gov

From : Corey Riordan
Board Relations Analyst

Subject : Guest Speaker Randy Werner, J.D., LL.M./Tax, CPA, Loss Prevention Executive,
CAMICO

At the invitation of President LaManna, Randy Werner will present information to the CBA regarding malpractice risks facing CPAs, including well known, new and evolving issues. The presentation will also provide information about the practice risks and the frequency/severity of claims based on the scope of services.

CAMICO is the nation's largest CPA-directed program of professional liability insurance for accountants. Ms. Werner responds to CAMICO's loss prevention hotline inquiries and speaks to CPA groups on various topics. She is a member of the California State Bar, the Taxation Section and the Taxation Section's Procedure and Litigation Committee.

Attachment



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
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CBA Item XIV.C.
November 21-22, 2013

Press Release Focus

Presented by: Deanne Pearce, Assistant Executive Officer

Date: November 6, 2013

Purpose of the Item

The purpose of this agenda item is to provide suggestions for an appropriate focus for the press release to be issued following each California Board of Accountancy (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 seven press releases since the September 2013 CBA meeting; one post-meeting release, which highlighted the CBA's accomplishments as reflected in the 2012/13 CBA Annual Report; a release announcing the signing of Senate Bill (SB) 823, and five additional enforcement action releases. A press advisory notifying the media of the November 21-22, 2013 CBA meeting is scheduled to be sent out November 18, 2013.

Comments

None.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommendation will be made at the time of this presentation.

Attachments

1. CBA Highlights Accomplishments In Annual Report
2. California Board Of Accountancy Lauds Signing Of SB 823
3. Enforcement Action Press Releases



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Attachment 1

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 561-1789

NEWS RELEASE

CBA HIGHLIGHTS ACCOMPLISHMENTS IN ANNUAL REPORT

SACRAMENTO – Solutions to enhance and improve the California Board of Accountancy's commitment to California consumers and CPAs highlight the [2012 – 2013 CBA Annual Report](#) . At its meeting in San Diego September 26 – 27, 2013, CBA staff presented the Annual Report, which focuses on the significant strides and accomplishments realized in the past year. Among them:

- Expanded and fine-tuned social media efforts to reach stakeholders with important information on consumer protection issues, as well as new legislation and programs that would have a direct impact on consumers, students and faculty, applicants, and licensees.
- Established mobility for out-of-state certified public accountants (CPA), joining California with 48 other states and the District of Columbia that have mobility.
- Created a new database to support the implementation of mobility, providing increased access to consumers when selecting a CPA.
- Obtained approval on regulations requiring criminal background checks for all licensees who have not previously submitted fingerprints as a condition of licensure, or for whom no electronic record of the licensee's fingerprints exists within the Department of Justice's criminal offender record identification system.
- Pursued legislation (SB 823) to ease the transition to the new educational requirements for CPA licensure starting in 2014. SB 823 was passed by the Legislature and signed into law by Governor Jerry Brown.

“This year was both a culmination of years’ of work and brand-new advances,” said CBA President Leslie J. LaManna. “All of these accomplishments reinforce and underscore the CBA’s commitment to consumer protection.”

###

Created by statute in 1901, the CBA’s mandate is to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards. The CBA currently regulates more than 87,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

For news and information updates from the CBA as they become available, subscribe to [E-News](#), follow us on [Twitter](#), [Facebook](#), [LinkedIn](#) and [Pinterest](#).



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Attachment 2

NEWS RELEASE

FOR IMMEDIATE RELEASE

CONTACT: LAUREN HERSH
(916) 561-1789

CALIFORNIA BOARD OF ACCOUNTANCY LAUDS SIGNING OF SB 823

SACRAMENTO – The California Board of Accountancy is applauding the signing of SB 823 by Governor Jerry Brown. Effective immediately, the new law is meant to ease the transition to the new educational requirements to obtain a California Certified Public Accountant (CPA) license taking effect January 1, 2014.

Under the new law, those who pass the Uniform CPA Exam by December 31, 2013, would have until December 31, 2015 to complete the ethics examination, experience and fingerprinting requirements, and apply for CPA licensure under one of the two existing pathways.

“We are pleased that both the Legislature and the Governor have supported our efforts to help those applicants for whom the December 31 deadline poses a particular challenge,” said Leslie J. LaManna CPA, President of the CBA. “This law will help to ease the transition for those applicants.”

The new law also allows students enrolled at colleges/universities that confer a baccalaureate degree upon completion of a 150 semester unit program to take the Uniform CPA Exam once they complete all of the baccalaureate degree requirements.

Beginning January 1, 2014, applicants for CPA licensure must document completion of a baccalaureate degree or higher with a minimum of 150 semester units, including 24 semester units each in accounting and business-related subjects, 20 units of accounting study, and 10 units of ethics education. The core educational requirements to take the Uniform CPA Exam remain unchanged.

The CBA maintains a wealth of information regarding all aspects of the upcoming changes to the licensure requirements at www.cba.ca.gov, including tip sheets, FAQs, a PowerPoint presentation, webinar, and a self-assessment worksheet.

###

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**California Board of Accountancy
Enforcement Action News Release**

Sent to business@mercurynews.com (San Jose Mercury News) on November 4, 2013

Steven Duane Campbell, San Jose, CA (CPA 74363) 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/index.shtml#C_1023

Sent to mlvellinga@sacbee.com (Sacramento Bee) and Kari@Patch.com (Roseville/Granite Bay Patch) on November 4, 2013

Larry Wayne Harmon, Granite Bay, CA (CPA 87502) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. 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 these enforcement actions.

http://www.dca.ca.gov/cba/discipline/index.shtml#H_1247

Sent to dmecoy@opubco.com (Oklahoma City Times) on November 4, 2013

Franklin L. Oberly, Oklahoma City, OK (CPA 56010) 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/index.shtml#O_1021

Sent to dlittle@chicoer.com (Chico Enterprise) on November 4, 2013

Anthony Garth Symmes, Chico, CA (CPA 24022) 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 disciplinary 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 disciplinary action.

http://www.dca.ca.gov/cba/discipline/index.shtml#S_1370