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CBA Item I.A.
May 29-30, 2014

Educational Presentation on Sunset Review Process

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 25, 2014

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with information regarding the sunset review process.

Action(s) Needed

None.

Background

The Legislature created the sunset review process in 1994 to assist with its oversight responsibilities. The Joint Legislative Sunset Review Committee was established in 1995 and tasked with reviewing all consumer-related boards every four years to determine whether each board has demonstrated a public need for the continued existence of that board. The CBA was among the first group of boards to be reviewed in 1995. The CBA had further sunset reviews in 2000 and 2003.

In 2006, the sunset review process became dormant for a time as the Legislature reviewed the process. In March of 2010, the CBA was again directed to submit a Sunset Review Report, and hearings were held in March 2011.

The CBA is now undergoing the process again, and hearings are expected in the spring of 2015. The other entities undergoing sunset review at the same time as the CBA are as follows:

California Architects Board and the Landscape Architects Technical Committee
Board of Barbering and Cosmetology
Contractors State License Board
Cemetery and Funeral Bureau
Dental Board of California
Board for Professional Engineers, Land Surveyors and Geologists
Board of Registered Nursing
Bureau of Security and Investigative Services
Board of Vocational Nursing and Psychiatric Technicians

Comments

Business and Professions Code (BPC) section 5000, which establishes the CBA and its membership, contains a phrase that states, “This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.” This is the sunset provision. It means that if the Legislature does not change that date during the 2015 legislative year, BPC section 5000, the existence of the board and its membership, is repealed. A similar provision is in BPC section 5015.6 which allows the CBA to appoint an Executive Officer.

The sunset review process begins with the Sunset Review Report. It is, typically, due to the Legislature a little over a year before a board’s sunset date.

The Assembly and Senate Business and Professions Committees form a joint committee to handle the sunset reviews. The joint committee prepares a list of questions to be answered in the Sunset Review Report. These questions are sent to the boards approximately a year before the hearings and almost two years before the sunset date. The report not only answers these questions, but describes a board’s actions following the previous sunset review and brings forward new issues that the board may want addressed by the Legislature. The CBA has already received the questions and staff has begun preparing responses. The CBA will review a draft of the report in at its July 2014 meeting and finalize the Sunset Review Report prior to its due date to the joint committee which is November 1. The report covers 62 questions, which include various sub-questions and numerous data driven tables.

Once the report is finalized and submitted to the Legislature, the committee staff review the report and prepare a Background Paper that is utilized by committee members at the hearing. This document presents multiple issues that the committee would like to see addressed by the board and is provided prior to the hearing in order for the board staff to prepare responses.

The joint committee schedules the hearing portion of the sunset review during the spring of the year prior to sunset. Those hearings are designed to receive input from the board, the Department of Consumer Affairs, the public, and the regulated profession. In the hearing, the board is essentially justifying its necessity, functions and actions.

At the hearing, the President of the CBA will be present to put a face to the CBA and to give opening remarks. Then the President and Executive Officer will testify on behalf of the CBA. Either the President or the Executive Officer, as appropriate, answers any questions committee members may have. Questions could include clarifying a point, asking for further information, or opening a new line of discussion. Other CBA members are free to attend the hearing or listen to it over the Internet. Staff will provide further details to members regarding the hearing as it approaches.

At this point in the process, the joint committee is required to evaluate the board and issue its recommendations for the board to address. Typically some form of final report is issued that includes final recommendations, whether the board’s sunset should be extended, and whether any of the board’s functions should be revised. If appropriate,

the report can also include proposed legislation to carry out the committee's final recommendations.

Should a board fail sunset review, the board's membership and Executive Officer would be dismissed, and a new board appointed which would then seek out a new Executive Officer. Over the past four years under this new sunset review format, no DCA board or bureau has been dismissed.

Fiscal/Economic Impact Considerations
None.

Recommendation
There is no recommendation for this item.

Attachment
None

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CBA Item I.C.
May 29-30, 2014

Discussion Regarding Start Time for CBA and Committee Meetings

Presented by: Michael M. Savoy, CPA, President
Date: May 1, 2014

Purpose of the Item

The purpose of this agenda item is to provide the California Board of Accountancy (CBA) an opportunity to discuss the time schedule for CBA and committee meetings and determine if changes are necessary.

Action(s) Needed

None.

Background

At members' request, the time schedule for CBA and committee meetings is being discussed to determine if changes are necessary.

Comments

Start times for CBA and committee meetings are set based on several factors, including the number of committee meetings scheduled for a particular day and the volume of items set for discussion at a particular committee. When meetings are held on a two-day format, committee meetings have typically been scheduled to start on day one at 9:00 a.m. Subsequent committee meeting start times are estimated based on the volume of the prior committees' agenda items. To allow committees the flexibility to start earlier than specifically identified on the agenda, as a result of a committee which may take less time than originally allotted, all committee agendas include language allowing the start time to occur upon the prior committee's adjournment.

Based on this format, the CBA meeting typically starts after noon, at or around 1:00 p.m., on day one. This time certain start allows consumers and stakeholders the opportunity to attend the meeting and/or watch via webcast without the need to monitor the earlier committee meetings. In addition, having a time certain start for the CBA meeting eliminates the need for CBA members, who may not have a committee meeting in the morning, to attend the morning committee meetings in the event the committees end sooner than projected.

Typically, when the committee meetings end, members, consumers, stakeholders, and staff have a meal break prior to the start of the CBA meeting. Additionally, during the

meal break, staff prepare talking points for committee chairs to assist in their report to the CBA.

In March, one of the committees took significantly less time than projected, thus creating a longer break than normal during the lunch hour. While staff works diligently to project accurate start times for all meetings, anomalies can and do occur.

The present time schedule was established based on members' prior direction, to provide a time certain beginning to the CBA meeting, to accommodate the business of each committee, and to allow a lunch break between the morning committee meetings and the afternoon start of the CBA meeting.

Fiscal/Economic Impact Considerations
None.

Recommendation
Staff has no recommendation on this item.

Attachment
None.

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CBA Item II.A.
May 29-30, 2014

Recommendations For Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee

Presented by: Jose Campos, CPA, Vice President
Date: May 6, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Joseph Rosenbaum, CPA, (**Attachment 1**) be reappointed as a member to 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 Enforcement Program.

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 and areas of expertise is included as **Attachment 2**.

I also confer with the CBA 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 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 skills, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Prior to making a decision to recommend Mr. Rosenbaum for reappointment to the EAC, I performed all the steps previously mentioned. I believe Mr. Rosenbaum has exhibited a high level of professionalism during the performance of his duties and has demonstrated the skills and knowledge to serve on the EAC, which will allow the EAC to 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 Joseph Rosenbaum be reappointed for two years to the EAC effective June 1, 2014.

Attachments
1. Curriculum Vitae of Joseph Rosenbaum, CPA
2. Skill Matrix

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CBA Item II.B.
May 29-30, 2014

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

Presented by: Jose Campos, CPA, Vice President
Date: May 6, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Nasi Raissian, CPA, (**Attachment 1**) and Kimberly Sugiyama, CPA, (**Attachment 2**) be appointed as members 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 and areas of expertise is included as **Attachment 3**.

I also confer with the CBA 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.

Prior to making a decision to recommend Ms. Raissian and Ms. Sugiyama for appointment to the QC, I performed all the steps previously mentioned. I believe Ms. Raissian and Ms. Sugiyama have demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

Fiscal/Economic Impact

None.

Recommendation

Based on the information above, and in consultation with Maurice Eckley, Chair of the QC, I recommend that Nasi Raissian and Kimberly Sugiyama be appointed for two years to the QC, effective May 29, 2014.

Attachments

1. Curriculum Vitae of Nasi Raissian, CPA
2. Curriculum Vitae of Kimberly Sugiyama, CPA
3. Skill Matrix

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CBA Item II.B.
May 29-30, 2014

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

Presented by: Jose Campos, CPA, Vice President
Date: May 6, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Casandra Moore-Hudnall, CPA, (**Attachment 1**) be reappointed as a member 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 and areas of expertise is included as **Attachment 2**.

I also confer with the CBA 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 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 skills, and participation. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Prior to making a decision to recommend Ms. Moore-Hudnall for reappointment to the QC, I performed all the steps previously mentioned. I believe Ms. Moore-Hudnall has demonstrated the skills and knowledge to serve on the QC, which will allow the QC to assist the CBA with its Licensing Program.

Fiscal/Economic Impact
None.

Recommendation
Based on the information above, and in consultation with Maurice Eckley, Chair of the QC, I recommend that Casandra Moore-Hudnall be reappointed for two years to the QC, effective June 1, 2014.

Attachments
1. Curriculum Vitae of Casandra Moore-Hudnall, CPA
2. Skill Matrix

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CBA Item II.C.
May 29-30, 2014

Recommendation For Appointment(s)/ Reappointment(s) to the Peer Review Oversight Committee

Presented by: Jose Campos, CPA, Vice President
Date: May 6, 2014

Purpose of the Item

The purpose of this agenda item is to recommend that Robert Lee, CPA, (**Attachment**) be appointed as Chair to the Peer Review Oversight Committee (PROC).

Action Needed

It is requested that the California Board of Accountancy (CBA) adopt the recommendation.

Background

The PROC assists the CBA in an advisory capacity in its oversight of the Peer Review Program. The committee ensures that Board-recognized peer review program providers administer peer reviews in accordance with standards, evaluates applications to become a Board-Recognized Peer Review Program Provider, collects and analyzes statistical monitoring and reporting data from each Peer Review Provider on an annual basis, and prepares an Annual Report to the CBA regarding the results of its oversight.

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.

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. Should a member have attendance or performance issues, they may be subject to review and removal from the committee, at anytime, by action of the CBA.

Prior to making a decision to recommend Mr. Lee as Chair of the PROC, I performed all the steps previously mentioned. During Mr. Lee's three years on the PROC, 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 PROC to continue to perform its mandated activities and assist the CBA with its Peer Review Program.

Fiscal/Economic Impact
None.

Recommendation
Based on the information above, I recommend Mr. Lee be appointed as Chair of the PROC, effective May 30, 2014 until December 31, 2015. This recommendation will provide Mr. Lee with the opportunity to serve a full term as Chair and allow the appointment to correspond with the Chair and Vice-Chair appointments of the Enforcement Advisory Committee and the Qualifications Committee, which are appointed annually at the November CBA meeting.

Attachment
Curriculum Vitae of Robert Lee, CPA

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CBA Item III.A.
May 29-30, 2014

Fiscal Year 2013-14 Third Quarter Financial Statement

Presented by: Nicholas Ng, Administration Manager
Date: May 6, 2014

Purpose of the Item
The purpose of this agenda item is to provide the California Board of Accountancy (CBA) with the third quarter financial statement.

Action Needed
None.

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
None.

Attachments
1. Third Quarter Financial Statement – Narrative
2. Third Quarter Financial Statement – Statistics
3. CBA Budget Allocation History
4. CBA Total Revenue and Expenditures
5. CBA Fund Condition Statement
6. CBA Loans to the General Fund

Attachment 1

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
THIRD QUARTER FINANCIAL STATEMENT - NARRATIVE
(for period of 7-01-13 through 3-31-14)

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENT

BUDGET

As reported in the mid-year financial statement the fiscal year (FY) 2014-15 CBA budget appropriation net amount has been set at $13,413,000 representing an increase of approximately $1.86 million over FY 2013-14 amounts. No budget changes have occurred since the mid-year statement was presented at the March meeting. The Governor's revision of the Budget will be presented in mid-May after the distribution of this report. Staff will monitor the proposal to determine any impacts and will report these at the meeting should they occur.

REVENUES/TOTAL RECEIPTS

Through the third quarter of FY 2013-14, the CBA collected approximately $8.0 million in total receipts. Total revenues increased about four percent over the same period last year. Initial Licensing applications through the third quarter of FY 2013-14 reflect an increase of about 42 percent. The CBA received an influx of applications prior to the new educational requirements becoming effective on January 1, 2014.

The penalties and fines line item decreased slightly compared to the previous year. It is anticipated that this line item will decrease even further in the future. The CBA issued a large number of citations for licensees who failed to respond to inquiries regarding the peer review reporting requirement. Beginning in January 2014, the CBA tied the peer review reporting deadline to coincide with the license renewal date to streamline the reporting process. The CBA has also increased its peer review requirement outreach efforts via articles in the UPDATE publication.

EXPENDITURES

The equipment and general expense line items reflect increases from the same period last year as the CBA has already begun purchasing office equipment and supplies for the additional Budget Change Proposal (BCP) positions. It is anticipated that these expenditures will reflect even higher expenses in FY 2014-15 as the CBA will need to purchase new modular furniture for the move.

In anticipation of its move to a new office facility, an amount of $350,000 in FY 2013-14 funds will be set aside to help pay for future relocation costs. These monies will be transferred to an Architectural Revolving Fund (ARF) which is used by state agencies for major capital outlay projects that are managed by the Department of General Services' Real Estate Division. The funds in the ARF are available anytime during the moving period. Any funds not used within a three-year period will revert back to the Accountancy Fund Reserve (Reserve).

Increases in departmental services (pro rata) resulted from increased costs in providing California Email System (CES) services to CBA staff. Previously the CBA used its own internal email system which provided unlimited email boxes and did not require external network bandwidth to refresh inbox messages; however, beginning last fiscal year, the Office of the Chief Information Officer required all state agencies to use one standardized system in which a "fee per seat" is charged. This slightly increases the departmental information services pro-rata costs for the CBA as new staff are hired. The CBA has also migrated to a new dedicated router that has higher bandwidth to accommodate the CES traffic requirements. The fees for the new router service and migration have also increased pro-rata costs.

As reported in the mid-year financial statement, the printing and postage line items remain elevated due to mailing of the hardcopy UPDATE publication and increased mailings related to fingerprinting requirements and peer review reporting with license renewal applications. The salaries, and temporary help line items also remain elevated due to bargaining unit contract raises introduced this year and elimination of last years' personal leave program.

RESERVES

The CBA ended the third quarter with $15.2 million, almost $700 thousand less in Reserves than when it started the fiscal year. Expenditures are expected to continue to outpace revenues throughout the rest of FY 2013-14 as staff are projecting a decrease to $14.8 million or 15.3 months of expenditures in the Reserve by fiscal year's end.

A fund condition statement has been included in **Attachment 5** that projects the CBA's Reserve out to the next four fiscal years in order to determine the effect of the FY 2014-15 fee reductions. Included in the projections is repayment of a $6 million outstanding loan in FY 2015-16, the result of the elimination of the two-year temporary fee reduction at the end of FY 2015-16, moving costs, and increased expenditures associated with BCP positions.

Also included are estimates of outstanding General Fund loan amounts to be paid back to the CBA with interest (**Attachment 6**). The figures in the chart reflect the total amounts payable as of March 31, 2014.

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
Third Quarter Financial Statement
(for period of 7/1/13 through 3/31/14)

Attachment 2

	FY 2013-14 Received/Expended 7/01/13 - 3/31/14 (9 months) [10]	FY 2012-13 Received/Expended 7/01/12 -3/31/13 (9 months) [10]	% 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) [11]	FY 2013-14 Receipts/Expenditures Over/Under Budget (D:A)	FY 2013-14 Annual Projections (12 months) [12]
RECEIPTS						
Revenues:						
Renewals [1]	4,661,390	4,520,482	3.1%	5,743,503	-18.8%	5,723,876
Examination Fees	2,114,322	2,123,876	-0.4%	2,976,862	-29.0%	2,865,419
Licensing Fees	1,000,120	706,050	41.7%	971,350	3.0%	1,387,053
Practice Privilege Fees	0	130,700	-100.0%	0	N/A	0
Miscellaneous [2]	31,834	40,443	-21.3%	55,359	-42.5%	71,472
Monetary Sanctions [3]	0	0	NA	0	NA	0
Penalties and Fines	173,330	162,650	6.6%	375,350	-53.8%	241,107
Total Revenues	7,980,996	7,684,201	3.9%	10,122,424	-21.2%	10,288,927
Interest [4]	17,283	22,000	NA	0	NA	25,978
TOTAL NET RECEIPTS	**7,998,278**	**7,706,201**	**3.8%**	**10,122,424**	**-21.0%**	**10,314,905**
EXPENDITURES:						
Personal Services:						
Salaries & Wages	3,321,402	3,047,964	9.0%	4,440,516	-25.2%	4,436,780
Temporary Help	224,422	145,006	54.8%	137,000	63.8%	440,297
Total Salaries & Temp. Help	3,545,824	3,192,970	11.1%	4,577,516	38.6%	4,877,077
Benefits						
Health Insurance	491,316	469,466	4.7%	829,418	-40.8%	662,908
Other Insurance and Miscellaneous	176,850	158,279	11.7%	77,086	129.4%	238,615
State Retirement	633,730	587,549	7.9%	900,947	-29.7%	855,062
Social Security	202,670	184,761	9.7%	312,609	-35.2%	273,453
Total Benefits [5]	1,504,566	1,400,055	7.5%	2,120,060	23.8%	2,030,038
Total Personal Services:	**5,050,390**	**4,593,025**	**10.0%**	**6,697,576**	**-24.6%**	**6,907,115**
Operating Expenses:						
Fingerprints	20,123	11,433	76.0%	131,595	-84.7%	34,497
General Expense	106,341	90,903	17.0%	205,242	-48.2%	153,609
Printing	124,804	110,136	13.3%	84,608	47.5%	179,804
Communications	16,092	15,409	4.4%	47,614	-66.2%	31,473
Postage	250,941	161,110	55.8%	130,872	91.7%	338,441
Travel: In State	130,002	97,299	33.6%	132,886	-2.2%	207,809
Training	22,630	8,793	157.4%	27,012	-16.2%	25,847
Facilities Operations	685,923	667,456	2.8%	613,818	11.7%	712,923
Architectural Relvolving Fund (ARF)	0	0	NA	0	NA	350,000
Consultant & Professional Services	14,377	41,273	-65.2%	317,076	-95.5%	82,064
Departmental Services	1,068,222	937,479	13.9%	1,424,289	-25.0%	1,424,289
Consolidated Data Center	44,008	31,853	38.2%	41,846	5.2%	66,012
Data Processing	14,386	9,092	58.2%	70,103	-79.5%	31,579
Central Administrative Services	311,973	388,196	-19.6%	415,964	-25.0%	415,964
Exams	137,400	130,600	5.2%	0	NA	37,400
Enforcement	469,038	435,666	7.7%	1,463,551	-68.0%	689,304 [13]
Equipment	23,144	10,315	124.4%	49,800	-53.5%	164,144
Total Operating Expenses:	**3,439,404**	**3,147,013**	**9.3%**	**5,156,276**	**-33.3%**	**4,945,159**
TOTAL EXPENDITURES	**8,489,794**	**7,740,038**	**9.7%**	**11,853,852**	**-28.4%**	**11,852,274**
Less Scheduled Reimbursements [6]	118,751	118,832	-0.1%	296,000	-59.9%	296,000
TOTAL NET EXPENDITURES	**8,371,043**	**7,621,206**	**9.8%**	**11,557,852**	**-27.6%**	**11,556,274**
RECEIPTS IN EXCESS OF EXPENSES	-372,764	84,995		-1,435,428		-1,241,369
PLUS COST RECOVERY	63,324	655,632		0		134,360
BEGINNING RESERVES JULY 1 [7]	15,860,000	15,123,000		15,860,000		15,860,000
Total Resources	15,550,560	15,863,627		14,424,572		**14,752,991**
PROJECTED ENDING RESERVES	15,550,560	15,863,627	-2.0%	14,424,572		14,752,991
GENERAL FUND LOAN 2002 [8]	(6,000,000)					
GENERAL FUND LOAN 2003 [8]	(270,000)					
GENERAL FUND LOAN 2008 [8]	(14,000,000)					
GENERAL FUND LOAN 2010 [8]	(10,000,000)					
GENERAL FUND LOAN 2011 [8]	(1,000,000)					
MONTHS IN RESERVE (MIR) [9]	**16.1**	**16.6**		**15.0**		**15.3**

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2013-14
Third Quarter Financial Statement
(for period of 7/1/13 through 3/31/14)

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 interest line item reflects interest earned on remaining reserve balances and does not reflect interest from General Fund loans.

[5] 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.

[6] Scheduled reimbursements are expenses that the CBA initially incurs for another agency/individual but are later repaid for. The CBA reimbursements consist of security guard services that are shared with other building tenants as well as costs to process fingerprint cards from out-of-state licensees tht do not have access to a Live Scan facility.

[7] FY 2013-14 beginning reserve amount was taken from Analysis of Fund Condition statement, prepared by the Department of Consumer Affairs (DCA) Budget Office.

[8] Funds borrowed per California Government Code Section 16320, which indicates that the Budget Act is the authority for 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.

[9] Calculation: Net expenditure authority for FY 2013-14 ($11,557,852) divided by twelve months equals monthly expenditure authority ($963,154). Total ending reserves divided by monthly authority equals "Months in Reserve" (MIR).

[10] Received/Expended amounts through March 31, 2014 for FY 2013-14 and March 31, 2013 for FY 2012-13 include encumbrances, and are from DCA Budget Reports.

[11] Figures reflect projected revenues from FY 2013-14 Workload and Revenue Statistics, expenditures are from the FY 2013-14 DCA Budget Galley STONE and the DCA Fund Condition statement.

[12] This column reflects CBA's annual revenue and expenditure projections for FY 2013-14 based on nine months of actual data.

[13] 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 FM09)

Third Quarter FY 2013-14	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Board
$ Budgeted	**$11,557,852**	127,993	860,445	1,332,593	533,006	1,550,464	4,580,456	2,056,711	437,199	78,985
$ Spent[1]	**$8,371,043**	78,193	769,846	942,081	448,463	1,134,431	2,849,341	1,658,110	360,761	129,817
Authorized Positions[2]	**75.9**	1.0	6.0	11.0	4.0	11.0	22.5	17.4	72.0	0.0

[1]Dollars spent through the Third Quarter ending March 31, 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 Positions[3]	**79.9**	2.0	6.0	12.0	5.0	11.0	22.5	18.4	3.0	0.0

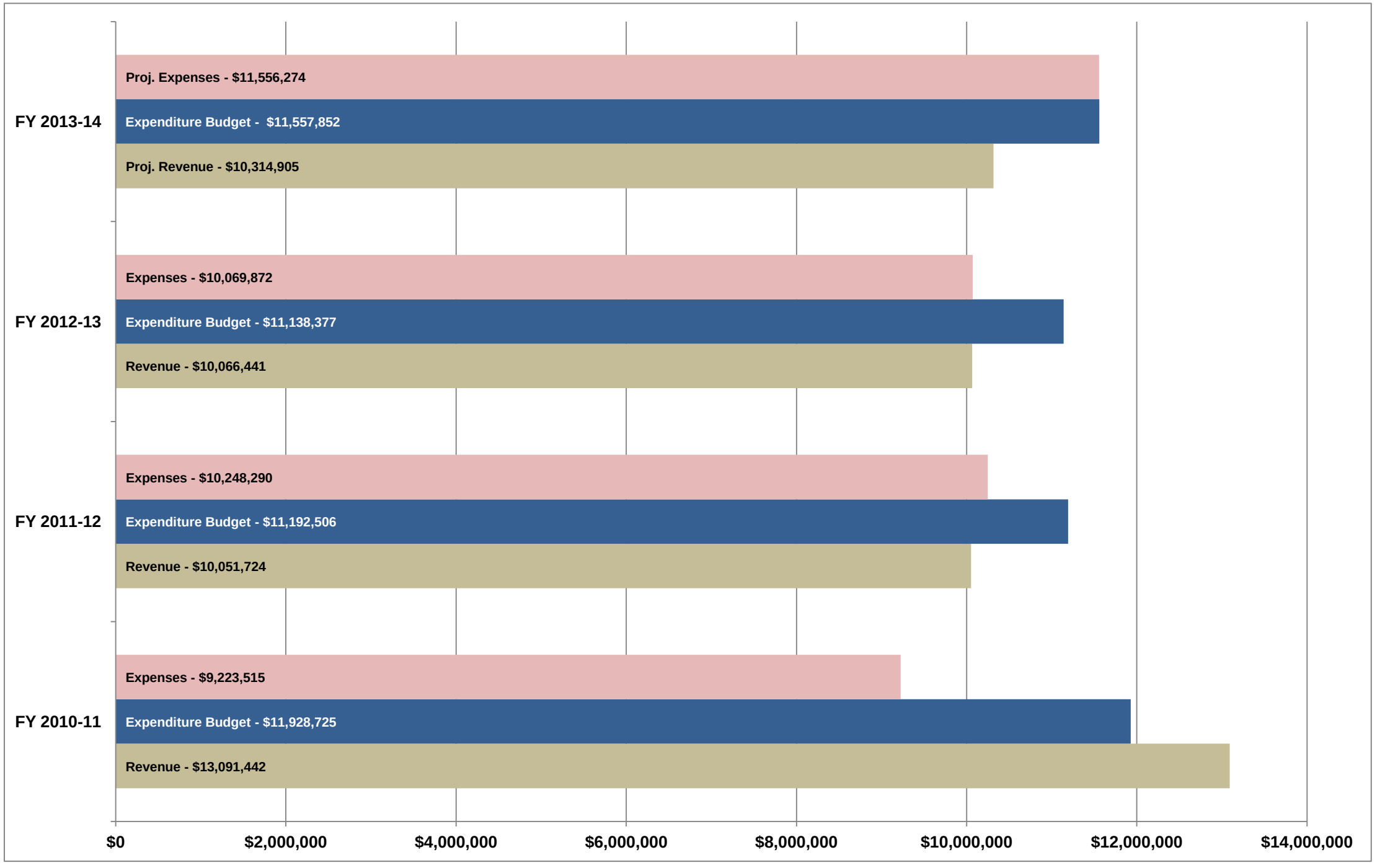
[3]The elimination of salary savings required by the Department of Finance in FY 2012-13, required the CBA to eliminate 3.6 authorized positions.

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



Attachment 5

California Board of Accountancy
Fund Condition Statement
(Dollars in Thousands)

Prepared 5/5/14

NOTE: $31.270 Million General Fund Repayment Outstanding w/BCPS & Scheduled loan repayments w/fee reductions beginning FY 2014/15

		ACTUAL 2010-11	ACTUAL 2011-12	ACTUAL 2012-13	Year End PROJECTION 2013-14	New Fee Reduction BY 2014-15	General Fund Loan Repayment[1] BY + 1 2015-16	Original Fee Restoration[4] BY + 2 2016-17	BY + 3 2017-18
BEGINNING BALANCE		$ 20,135	$ 13,620	$ 14,301	$ 15,184	$ 14,753	$ 6,985	$ 6,942	$ 8,520
Prior Year Adjustment		$ -	$ 726	$ 156	$ 676	$ -	$ -	$ -	$ -
Adjusted Beginning Balance		$ 19,753	$ 14,346	$ 14,457	$ 15,860	$ 14,753	$ 6,985	$ 6,942	$ 8,520
REVENUES AND TRANSFERS									
Revenues:									
125600	Other regulatory fees	$ 67	$ 167	$ 236	$ 322	$ 197	$ 197	$ 428	$ 428
125700	Other regulatory licenses and permits	$ 4,827	$ 4,622	$ 4,639	$ 4,774	$ 2,266	$ 2,266	$ 4,685	$ 4,685
125800	Renewal fees	$ 7,801	$ 4,963	$ 4,920	$ 4,973	$ 2,927	$ 2,927	$ 9,261	$ 9,261
125900	Delinquent fees	$ 323	$ 244	$ 221	$ 187	$ 81	$ 81	$ 325	$ 325
141200	Sales of documents			$ -	$ -	$ -	$ -	$ -	$ -
142500	Miscellaneous services to the public			$ -	$ -	$ -	$ -	$ -	$ -
150300	Income from surplus money investments[2]	$ 66	$ 48	$ 41	$ 26	$ 35	$ -	$ 24	$ 30
160400	Sale of fixed assets			$ -	$ -	$ -	$ -	$ -	$ -
161000	Escheat of unclaimed checks and warrants	$ 4	$ 35	$ 5	$ 3	$ 5	$ 5	$ 5	$ 5
161400	Miscellaneous revenues	$ 3		$ 4	$ 2	$ -	$ -	$ -	$ -
164300	Penalty Assessments			$ -	$ -	$ -	$ -	$ -	$ -
Totals, Revenues		$ 13,091	$ 10,248	$ 10,066	$ 10,315	$ 5,511	$ 5,476	$ 14,728	$ 14,734
Transfers from Other Funds									
F00001	GF loan repayment per Item 1120-011-0704, Loan of 2002						$ 6,000		
	Interest of $6 million loan at 2.64% through 7-1-2014						$ 1,861		
Transfers to Other Funds									
T00001	GF loan per Item 1120-011-0704	(10,000)	(1,000)	$ -	$ -	$ -	$ -	$ -	$ -
	Totals, Revenues and Transfers	$ 3,091	$ 9,248	$ 10,066	$ 10,315	$ 5,511	$ 13,337	$ 14,728	$ 14,734
	Totals, Resources	$ 22,844	$ 23,594	$ 24,523	$ 26,175	$ 20,264	$ 20,322	$ 21,670	$ 23,254
EXPENDITURES									
Disbursements:									
8860 FSCU (State Operations)		$ -		$ -	$ -	$ -	$ -	$ -	$ -
0840 State Controller (State Operations)		$ -		$ -	$ -	$ -	$ -		
8860 Financial Information System for California (State Operations)		$ -		$ -	$ -	$ -	$ -		
8880 - FISCAL		$ -		$ -		$ -	$ -		
1110 Program Expenditures (State Operations)[3]		$ 9,224	$ 10,248	$ 9,339	$ 11,502	$ 11,846	$ 12,083	$ 12,325	$ 12,572
Architectural Revolving Fund (ARF)					$ 350				
BCPs:									
Peer Review		$ -		$ -	$ -	$ 940	$ 876	$ 660	$ 660
Fingerprinting		$ -		$ -	$ -	$ 923	$ 851	$ 595	$ -
Licensing (ILU)		$ -		$ -	$ -	$ -	$ -	$ -	$ -
Total Expenditures		$ 9,224	$ 10,248	$ 9,339	$ 11,852	$ 13,709	$ 13,810	$ 13,580	$ 13,232
Less Scheduled Reimbursements					$ (296)	$ (296)	$ (296)	$ (296)	$ (296)
Total Net Expenditures					$ 11,556	$ 13,413	$ 13,514	$ 13,284	$ 12,936
Plus Cost Recovery					$ 134	$ 134	$ 134	$ 134	$ 134
FUND BALANCE									
Reserve for economic uncertainties		$ 13,620	$ 13,346	$ 15,184	$ 14,753	$ 6,985	$ 6,942	$ 8,520	$ 10,452
Months in Reserve		13.3	13.9	15.4	15.3	6.1	6.1	7.7	9.1

NOTES:

[1] ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED IN BY+1 AND ONGOING.
[2] INTEREST ON FUND ESTIMATED AT .3%.
[3] ASSUMES APPROPRIATION GROWTH OF 2% IN BY+1 AND ONGOING.
[4] FEES ARE ASSUMED TO BE RESTORED TO LEVELS PRIOR TO FY 2011-12:
LICENSING APPLICATIONS - $250/$150 FROM $50/$30
BIENNIAL RENEWAL - $200 FROM $50
DELINQUENT RENEWAL - $100 FROM $25
EXAM - $100/$50 FROM $50/$25
BY MAY 31, 2015, THE CBA SHALL CONDUCT A REVIEW OF ITS ACTUAL COSTS AND DETERMINE APPROPRIATE AND OFFSETTING FEE LEVELS.

Attachment 6

CALIFORNIA BOARD OF ACCOUNTANCY - LOANS TO THE GENERAL FUND

Loans	Principal	Interest Rate	Simple Interest [6]	Total $ Owed With Simple Interest
Loan to General Fund 2002 [1]	$6,000,000	2.640%	$1,861,200	$7,861,200
Loan to General Fund 2003 [2]	$270,000	1.640%	$47,601	$317,601
Loan to General Fund 2008 [3]	$14,000,000	2.780%	$2,237,900	$16,237,900
Loan to General Fund 2010 [4]	$10,000,000	0.515%	$193,125	$10,193,125
Loan to General Fund 2011 [5]	$1,000,000	0.389%	$13,615	$1,013,615
TOTAL	**$31,270,000**		**$4,353,441**	**$35,623,441**

[1] Chaptering of FY 2002-03 budget occurred on 9-5-02. (Assume interest rate as of 9-30-02)
[2] Chaptering of FY 2003-04 budget occurred on 8-2-03. (Assume interest rate as of 9-30-03)
[3] Tranfer occurred 10-17-08.
[4] Tranfer occurred 10-15-10.
[5] Tranfer occurred 6-30-11.
[6] Interest calculated through June 30, 2014.

CALIFORNIA BOARD OF ACCOUNTANCY

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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CBA Item V.C.
May 29-30, 2014

Update on the CBA 2013-2015 Communications and Outreach Plan

Presented by: Lauren Hersh, Information & Planning Manager
Date: May 14, 2014

Purpose of the Item

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

Action(s) Needed

None.

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

Staff focused on CBA Investigative CPA recruitment in April, using Facebook, Twitter and LinkedIn as the platforms for recruitment messaging. The messaging also directed those interested to a new link on the CBA website to the information on the Investigative CPA position and the form to apply. At this writing, the CBA has 2,655 Facebook fans, 1,431 Twitter followers, and 235 direct LinkedIn connections.

Press Releases

The number of press advisories and topical news releases issued since January 2014 are similar to those during this same time period last year.

Press Releases	**2012**	**2013**	**2014**
Press advisories & topical news releases	19	19	9
Enforcement press releases	35	56	11
Total	**54**	**75**	**19**

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, social media distribution provides the public with another opportunity to access information directly from the CBA.

E-News

E-News subscriptions have increased by 252 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 in those subscribing to Statutory/Regulatory information, with 98 new subscriptions.

List Name	External	Internal	Total
California Licensee	9,453	53	9,506
Consumer Interest	4,346	57	4,403
Examination Applicant	2,828	44	2,872
Licensing Applicant	3,451	48	3,499
Out-of-State Licensee	2,269	47	2,316
Statutory/Regulatory	7,597	62	7,659
CBA Meeting Info & Agenda Materials	3,529	40	3,569
UPDATE Publication	7,131	22	7,153
Total subscriptions	**40,604**	**373**	**40,977**

Outreach

Staff reached out to CalCPA for assistance in recruiting applicants for the Investigative CPA positions. As a result, CalCPA placed an Investigative CPA recruitment article in its CalCPA Buzz online magazine.

UPDATE

Staff is working on the Spring/Summer edition of UPDATE. Articles include:

- Where the Money Goes (including fee reduction)
- Retired Status
- Adhering to Professional Standards
- Agenda Highlights
- Peer Review – PR1
- “Snapshot: 1964” historical article
- Interview with former Qualifications Committee Chair Fausto Hinojosa
- Committee Vacancies
- CBA Stakeholder Survey
- Fingerprinting

- ICPA Recruitment
- Military training/experience and military status
- Using the CBA website as a Resource

Staff has been working to expedite the approval process and production of UPDATE where ever possible, nonetheless, there are processes at the Office of State Publishing that are not under the CBA's control.

Fiscal/Economic Impact Considerations
None.

Recommendation
None.

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

Licensee Population

Type of License	As of June 30, 2012	As of June 30, 2013	As of April 30, 2014
CPA	84,712	87,015	90,487
PA	122	105	85
Partnership	1,414	1,431	1,458
Corporation	3,718	3,835	3,968

Contact with CBA Stakeholders

Telephone Calls Received	FY 2011/12	FY 2012/13	FY 2013/14
Examination Unit	20,511	22,610	15,820
Initial Licensing Unit	19,399	24,006	24,137
License Renewal and Continuing Competency Unit	21,579	20,958	20,101
Practice Privilege Unit	882	921	578

Emails Received	FY 2011/12	FY 2012/13	FY 2013/14
Examination Unit	10,042	11,551	8,950
Initial Licensing Unit	7,913	9,670	12,105
License Renewal and Continuing Competency Unit	8,192	9,601	11,283
Practice Privilege Unit	1,516	583	286

Examination Unit

- At the conclusion of each testing window, NASBA provides the CBA with the **attached** CPA Exam Performance summary, which contains overall statistics for each jurisdiction. The report also provides California-specific testing information such as overall and individual section performance, candidate count by degree type, and the number of candidates who passed the CPA Exam.

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

CPA Examination Applications	FY 2011/12	FY 2012/13	FY 2013/14
First-Time Sitter			
Total Received	7,243	7,175	5,188
Total Processed	7,765	9,210	7,305
Average Days to Process	21	23	18
Repeat Sitter			
Total Received	17,606	18,584	13,857
Total Processed	17,775	18,685	14,353
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	149
Total Completed	*	104	148
Average Days to Process	*	16	18
Educational Qualification Appeals**			
Total Received	**	40	41
Total Completed	**	37	40
Average Days to Process	**	20	22

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

CPA Examination Special Requests	FY 2011/12	FY 2012/13	FY 2013/14
Special Accommodation Requests**			
Total Received	**	69	137
Total Completed	**	69	143
Average Days to Process	**	8	13

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

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

Initial Licensing Unit

- The Initial Licensing Unit (ILU) has begun preparing for implementation of the reduction in licensing fees, which is set to take effect July 1, 2014. Staff is working on revisions to current web information and documents, as well as current internal processes.

- The volume of initial applications received for CPA licensure from individuals applying under the new educational requirements continues to steadily increase. Considering there is an increased review time for evaluating education under the new requirements, CBA management, with input from ILU staff, is working on further streamlining internal processes in efforts of maintaining current processing timeframes.

- The ILU is presently recruiting to fill two Office Technician positions.

Individual License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Certified Public Accountant			
Total Received	3,594	3,654	4,192
Total Processed	3,241	3,474	4,403
Average Days to Process	15	25	25
Method of Licensure			
Pathway 0	12	4	0
Pathway 1 – attest	405	416	469
Pathway 1 – general	499	543	750
Pathway 2 – attest	795	756	838
Pathway 2 – general	1,530	1,755	2,325
New Requirements – attest	n/a	n/a	3
New Requirements – general	n/a	n/a	18

Certification Requests	FY 2011/12	FY 2012/13	FY 2013/14
Total Received	1,237	1,073	889
Total Processed	1,237	1,073	833
Average Days to Process	20	20	23

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

Firm License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Corporation			
Total Received	257	221	181
Total Processed	223	174	164
Average Days to Process	8	14	12
Partnership			
Total Received	125	89	82
Total Processed	106	70	83
Average Days to Process	8	14	12
Fictitious Name Permit			
Total Received	178	169	163
Total Processed	156	105	124
Average Days to Process	8	14	12

License Renewal and Continuing Competency Unit

- The License Renewal/Continuing Competency (RCC) Unit has begun performing audits of licensees subject to the fingerprint requirement as set forth in section 37.5 of the CBA Regulations. Licensees who renewed in an active license status but failed to successfully complete a state and federal criminal offender record information search by their license expiration date will receive a fingerprint non-compliance letter. On April 22, 2014, the CBA identified and issued 76 non-compliance letters to licensees with a January 31, 2014 expiration date.

  The CBA has notified 3,073 licensees as having complied with the fingerprint requirement.

- The RCC Unit has experienced a spike in deficiencies that is associated with peer review reporting. As indicated in the table on the page 5, failure to submit the peer review reporting form is by far the top deficiency. Staff are working collaboratively with licensees to obtain compliance with the peer review reporting requirement. Additionally, the RCC Unit is preparing an article for the next UPDATE publication to address this issue.

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

License Renewal	FY 2011/12	FY 2012/13	FY 2013/14
Total Licenses Renewed			
Certified Public Accountant	38,329	38,334	32,011
Public Accountant	20	25	11
Corporation	1,654	1,560	1,285
Partnership	653	579	504
License Renewal Verification			
CPA/PA Applications Reviewed	44,749	36,927	34,484
Deficient Applications Identified	4,233	4,064	4,129
Compliance Responses Received	3,502	3,453	3,046
Outstanding Deficiencies	675	558	1,296
Top Three Renewal Deficiencies			
1) Failure to Submit Peer Review Reporting Form	--	--	54%
2) Failure to Submit/Incomplete License Renewal Application	--	--	27%
3) Failure to Complete Four Hours of Ethics Continuing Education	--	--	13%
CE Audits			
Licensees Selected for Audit	^	30	705
Outstanding Audits	^	0	340
Compliances Received	^	30	364
Enforcement Referrals*	56	53	246

^ As referenced in the January 2014 Executive Officer's Report, the CE audit process was restructured in June 2013.
-- Previously license renewal applications that were identified as deficient due to more than one reason were categorized and reported as a "multiple" deficiency. Beginning January 1, 2014 this category was expanded to provide a more accurate accounting of each deficiency type identified.
* Enforcement Referrals include license renewal-related deficiencies such as CE, fingerprints, and peer review.

California Board of Accountancy
Report on Licensing Division Activity
As of April 30, 2014

Practice Privilege Unit

Practice Privilege	FY 2011/12	FY 2012/13	FY 2013/14
Out-of-State Accounting Firm Registrations			
Total Approved	--	--	279
Total Pending Review	--	--	12
Total Deficient Applications	--	--	4
Total Enforcement Referrals	--	--	3

CPA Exam Performance: *All Jurisdictions*

2014 Q-1

Attachment

Overall Performance

Unique Candidates	**38,219**
New Candidates	**10,430**
Total Sections	**46,770**
Passing 4th Section	**5,078**
Sections/Candidate	**1.22**
Pass Rate	**48.4%**
Average Score	**71.4**

Section Performance

	Sections	Score	% Pass
First Time	**25,375**	**71.7**	**52.9%**
Re-Exam	**21,395**	**71.2**	**42.9%**
AUD	**12,490**	**72.4**	**47.4%**
BEC	**10,915**	**73.3**	**53.3%**
FAR	**11,791**	**69.1**	**44.1%**
REG	**11,574**	**71.2**	**49.2%**

Top 3 Jurisdictions

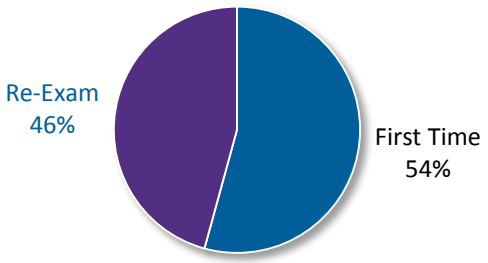
Most Candidates

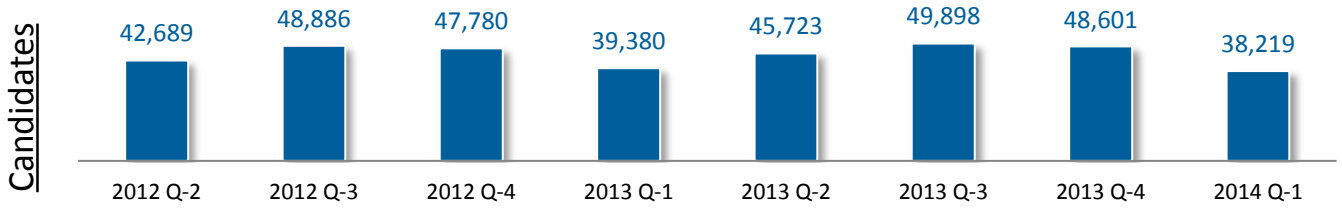
1. California **5,150**
2. New York **4,186**
3. Texas **2,413**

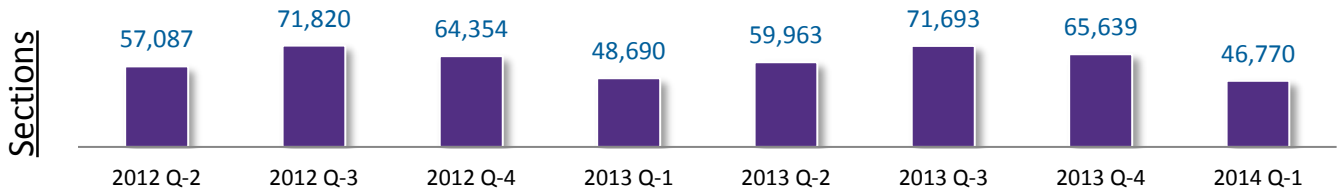
Highest Pass Rate

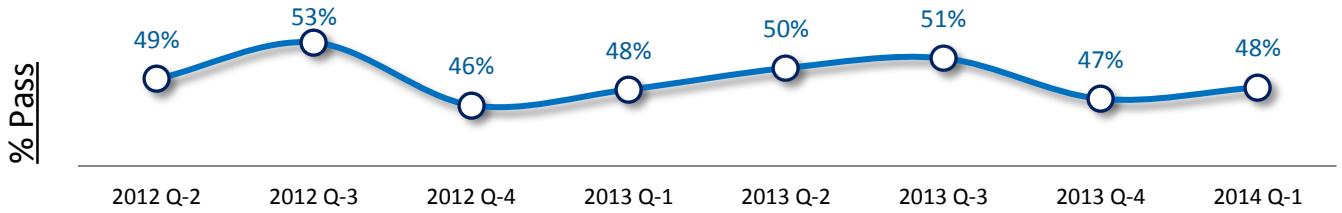
1. Utah **65.6%**
2. Iowa **60.7%**
3. South Carolina **58.6%**

Exam Type by Percent



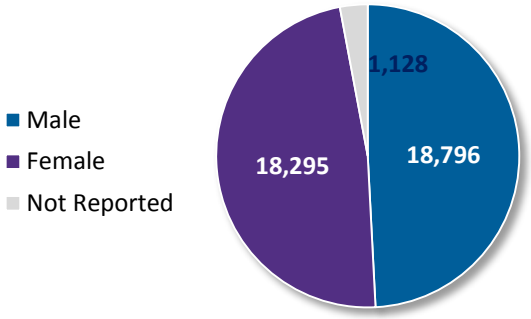






CPA Exam Performance: *All Jurisdictions*

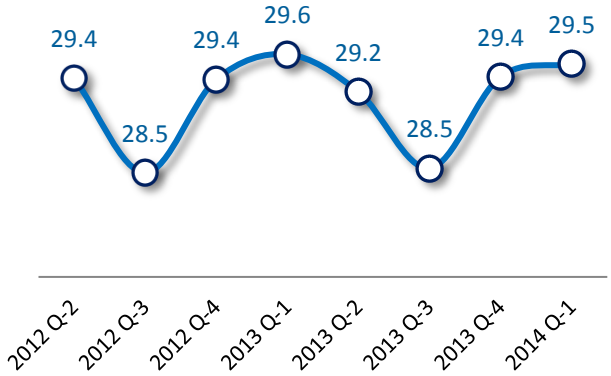
Demographics



Residency

Candidate Count	
In-State Address	**29,253**
Out-of-State Address	**5,506**
Foreign Address	**3,460**
% of Candidates	
In-State Address	**76.5%**
Out-of-State Address	**14.4%**
Foreign Address	**9.1%**

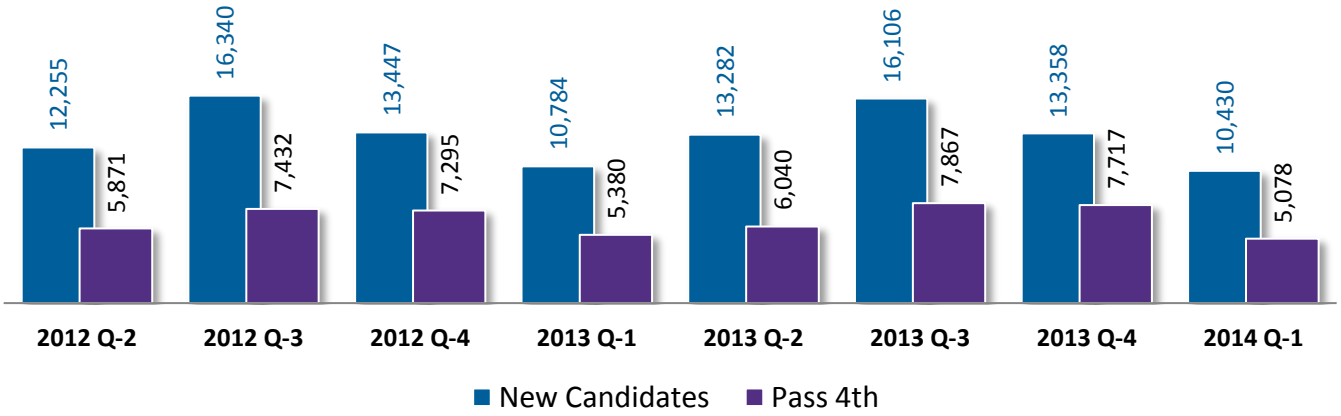
Average Age



Degree Type

Candidate Count	
Bachelor's Degree	**26,969**
Advanced Degree	**5,429**
Enrolled/Other	**5,821**
% of Candidates	
Bachelor's Degree	**70.6%**
Advanced Degree	**14.2%**
Enrolled/Other	**15.2%**

New Candidates vs Candidates Passing 4th Section



Notes about the Data

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2. The demographic data related to Age, Gender and Degree Type is provided by the individual candidates and may not be 100% accurate.

2014 Q-1

Data and Trends published by NASBA (www.nasba.org)
CPB@nasba.org

Overall Statistics for Testing Window 2014 Q-1

Jurisdiction	Count Candidates	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Alabama	155	189	106	83	44.4%	70.6	32.1
Alaska	481	696	407	289	38.7%	68.1	31.6
Arizona	399	483	285	198	46.4%	70.8	30.7
Arkansas	196	245	127	118	47.8%	70.2	29.7
California	5,150	6,315	3,283	3,032	44.2%	69.8	30.3
Colorado	916	1,088	588	500	51.1%	72.1	31.2
Connecticut	480	549	281	268	49.5%	71.8	28.0
Delaware	207	269	119	150	42.0%	68.4	31.8
District of Columbia	61	83	57	26	39.8%	68.3	31.8
Florida	1,224	1,406	805	601	52.0%	73.3	31.0
Georgia	1,329	1,628	1,007	621	57.2%	74.4	29.0
Guam	360	512	281	231	42.4%	70.2	33.9
Hawaii	147	181	75	106	34.8%	69.3	32.2
Idaho	123	153	73	80	38.6%	69.4	32.7
Illinois	2,063	2,503	1,336	1,167	50.3%	72.2	28.6
Indiana	452	537	264	273	44.5%	70.7	29.6
Iowa	263	354	227	127	60.7%	75.3	26.4
Kansas	150	191	91	100	47.6%	72.1	28.9
Kentucky	388	472	267	205	46.8%	72.1	29.3
Louisiana	366	436	219	217	43.4%	69.2	29.4
Maine	416	631	336	295	46.3%	70.7	31.1
Maryland	735	890	405	485	45.4%	70.8	29.8
Massachusetts	1,170	1,373	749	624	52.3%	72.7	27.5
Michigan	758	882	478	404	54.0%	73.6	28.3
Minnesota	578	680	375	305	51.3%	72.6	27.8
Mississippi	143	168	96	72	42.3%	70.0	30.5
Missouri	462	555	289	266	54.8%	73.4	28.6
Montana	297	494	307	187	46.8%	70.2	28.4

Jurisdiction	Count Candidates	Count Sections	FT Sections	RE Sections	Average Pass Rate	Average Score	Average Age
Nebraska	120	133	76	57	47.4%	71.8	27.9
Nevada	151	181	108	73	55.8%	73.8	30.2
New Hampshire	1,823	2,460	1,386	1,074	43.3%	68.8	30.9
New Jersey	1,177	1,378	634	744	40.5%	69.2	28.9
New Mexico	188	255	150	105	47.1%	70.6	32.3
New York	4,186	4,938	2,551	2,387	48.3%	71.4	27.8
North Carolina	749	883	520	363	54.7%	73.0	29.5
North Dakota	98	117	66	51	51.3%	73.2	27.9
Ohio	1,045	1,243	615	628	48.3%	71.8	29.3
Oklahoma	247	306	172	134	48.4%	69.9	31.0
Oregon	291	340	205	135	52.9%	73.1	30.5
Pennsylvania	1,284	1,490	760	730	47.7%	71.5	27.5
Puerto Rico	388	447	224	223	34.2%	64.7	27.4
Rhode Island	61	67	40	27	43.3%	69.8	27.6
South Carolina	243	275	164	111	58.6%	73.9	28.8
South Dakota	64	71	44	27	50.7%	74.6	29.6
Tennessee	710	855	525	330	50.5%	72.8	28.6
Texas	2,413	3,002	1,773	1,229	54.7%	74.2	29.4
Utah	205	250	161	89	65.6%	76.9	31.4
Vermont	239	391	202	189	48.6%	71.2	27.5
Virginia	1,366	1,620	832	788	50.2%	72.5	30.3
Washington	1,104	1,420	879	541	47.5%	70.3	32.2
West Virginia	99	113	44	69	38.1%	68.1	29.4
Wisconsin	469	537	295	242	50.3%	73.2	28.9
Wyoming	28	33	16	17	51.5%	71.9	28.4

CPA Exam Performance Summary: *2014 Q-1*

California

Overall Performance

Unique Candidates	**5,150**
New Candidates	**1,417**
Total Sections	**6,315**
Passing 4th Section	**628**
Sections/Candidate	**1.23**
Pass Rate	**44.2%**
Average Score	**69.8**

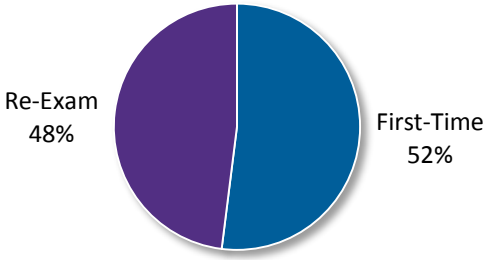
Section Performance

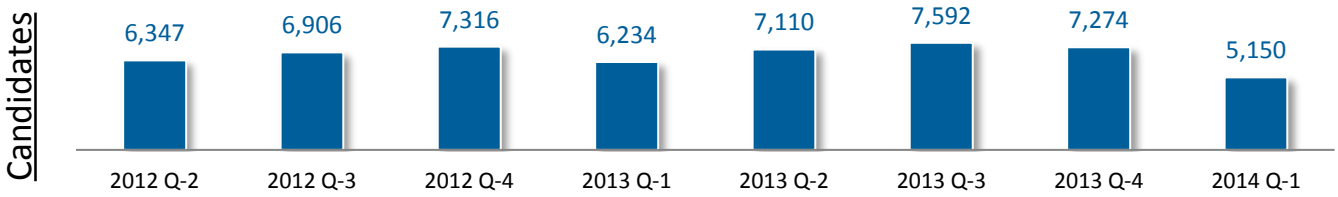
	Sections	Score	% Pass
First-Time	**3,283**	**69.0**	**46.7%**
Re-Exam	**3,032**	**70.7**	**41.6%**
AUD	**1,681**	**70.6**	**43.3%**
BEC	**1,552**	**71.2**	**46.6%**
FAR	**1,500**	**67.0**	**39.3%**
REG	**1,582**	**70.3**	**47.5%**

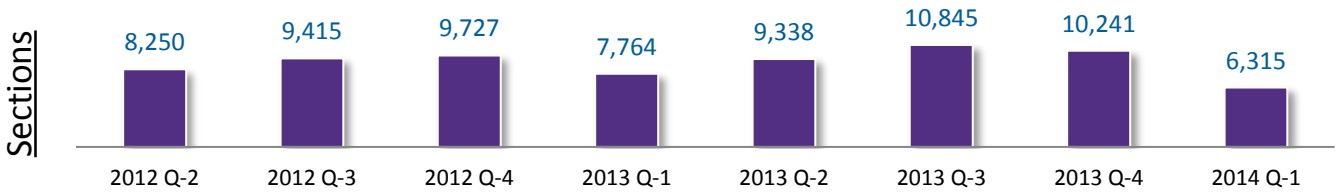
Jurisdiction Rankings (1 to 53)

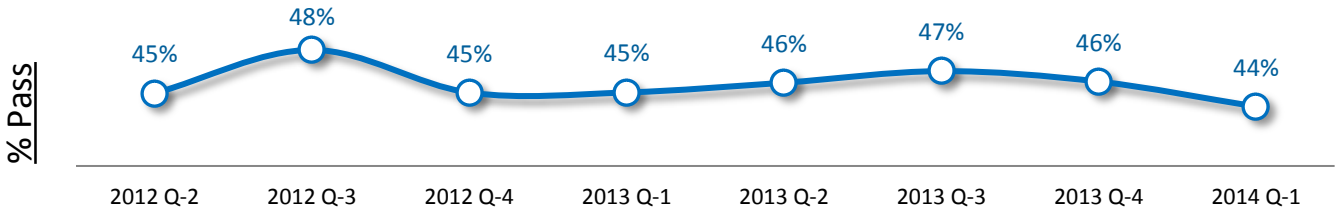
Candidates	Sections
1	**1**
39	**43**
Pass Rate	Avg Score

Exam Type by Percent



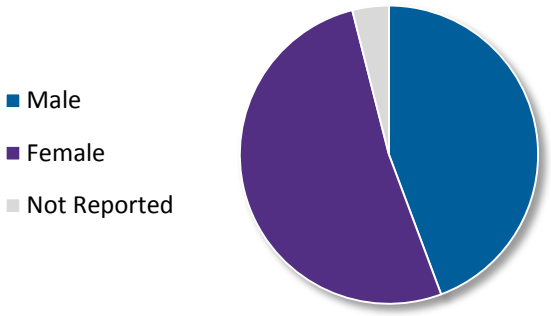






CPA Exam Performance Summary: *2014 Q-1*

Demographics



Male Candidates	**2,282**	**44.3%**
Female Candidates	**2,664**	**51.7%**
Not Reported	**204**	**4.0%**

Average Age	**30.3**
Age Rank	**34**

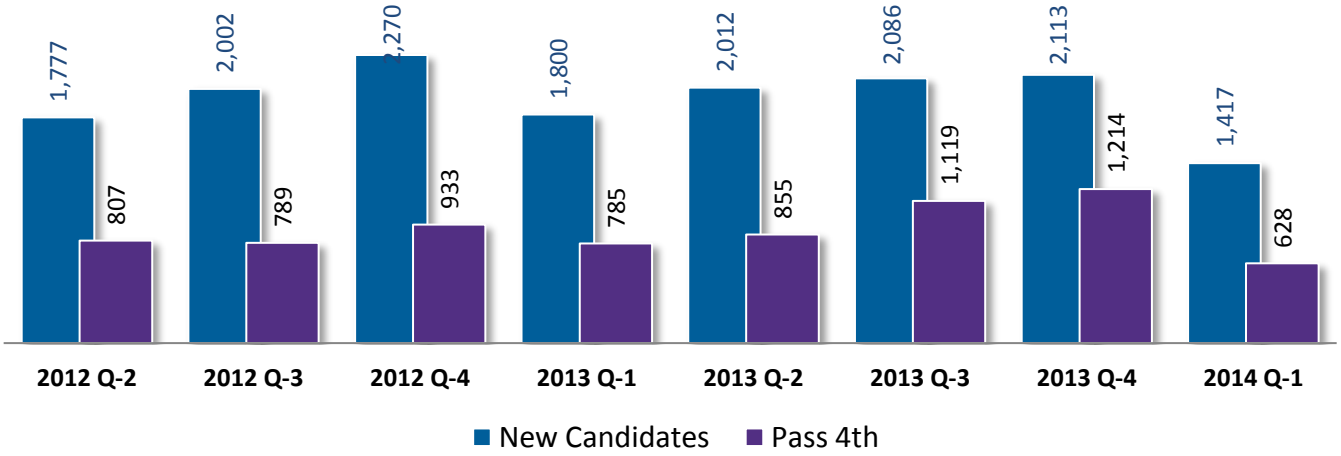
Residency

Candidate Count	
In-State Address	**4,322**
Out-of-State Address	**606**
Foreign Address	**222**
% of Candidates	
In-State Address	**83.9%**
Out-of-State Address	**11.8%**
Foreign Address	**4.3%**

Degree Type

Candidate Count	
Bachelor's Degree	**3,870**
Advanced Degree	**935**
Enrolled/Other	**345**
% of Candidates	
Bachelor's Degree	**75.1%**
Advanced Degree	**18.2%**
Enrolled/Other	**6.7%**

New Candidates vs Candidates Passing 4th Section



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California

California Board of Accountancy Enforcement Activity Report

Report as of May 2, 2014

Complaints

1.1 – Complaints/Records of Convictions	FY 2011/12	FY 2012/13	FY 2013/14
Received	1,911	3,271	2,845
Internal – Peer Review (Failure to Respond)	*872*	*1,800*	*1,481*
Internal – Peer Review (Other)	*58*	*508*	*333*
Internal – All Other	*503*	*510*	*720*
External	*478*	*453*	*311*
Assigned for Investigation	1,626	2,951	2,658
Closed – No Action	294	329	192
Average Days from Intake to Closure or Assignment for Investigation	4	3	4
Pending	12	3	1
Average Age of Pending Complaints (days)	16	3	1

Comments

- The number of complaints received increased by 307 since the previous reporting period. Enforcement management continues to work with staff to prioritize complaints, and process complaints with potential consumer harm as highest priority.
- The CBA has received 720 internal non-peer review related complaints since July 1, 2013, which represents more internal complaints than all of fiscal year 2012/13. The primary reasons for the increase in internal complaints are 1) criminal conviction and 2) unlicensed practice referrals.
- Peer Review (Other) internal complaints typically include investigation of failed peer review reports, failure to comply with peer review citations, filing an incorrect Peer Review Reporting Form, or renewing a license without undergoing a peer review when a peer review is required.
- In the current fiscal year, approximately 93 percent of complaints received were opened for investigation, which is an increase from the previous fiscal year rate of 90 percent.

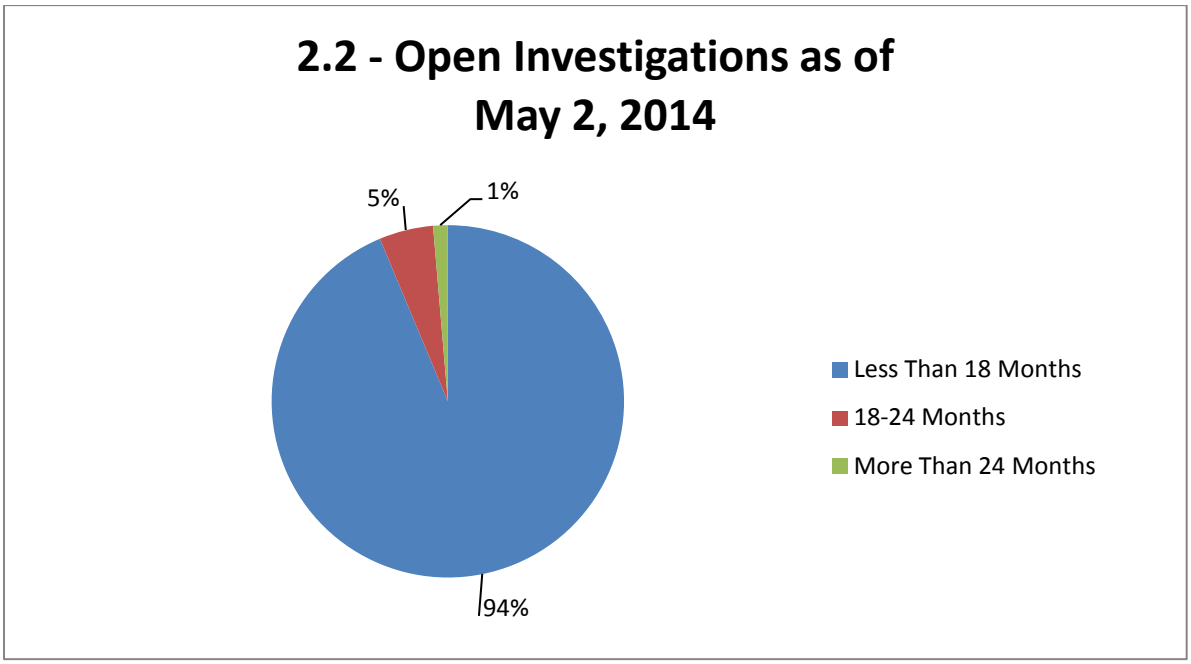
Investigations

2.1 – Investigations	FY 2011/12	FY 2012/13	FY 2013/14
Assigned	1,626	2,951	2,658
Internal – Peer Review (Failure to Respond)	*872*	*1,794*	*1,481*
Internal – Peer Review (Other)	*58*	*437*	*328*
Internal – All Other	*335*	*361*	*569*
External	*361*	*359*	*280*
Closed	1,525	2,872	2,430
Average Days to Close	85	73	64
Investigations Pending	439	518	746
< 18 Months	*384*	*500*	*699*
18-24 Months	*26*	*17*	*37*
> 24 Months	*29*	*1*	*10*
Average Age of Open Cases (days)	248	166	213
Median Age of Open Cases (days)	164	104	163

Comments

- The internal non-peer review related open investigations have increased by 58% since the previous fiscal year.
- Ten investigation cases have been open for more than 24 months. This is an increase of six cases from the previous report. These cases are the most complex investigations requiring additional time to resolve. The status of the cases are as follows:
  - Three investigations are ongoing:
    1. An expert consultant will be assigned to review the investigation and offer an expert opinion.
    2. The CPA submitted additional work in late March and will be reviewed.
    3. A report is being finalized for referral to the Attorney General, following an Investigative Hearing.
  - Five investigations are pending an Investigative Hearing.
  - One investigation is pending a visit to the CPA's office to review files.
  - One investigation is pending compliance with a subpoena issued to the CPA.

Chart 2.2 illustrates the percentage of total open cases by length of time. Approximately 94 percent of investigations have been open for less than 18 months; five percent of investigations have been open for 18 to 24 months; and one percent of investigations have been open for more than 24 months.



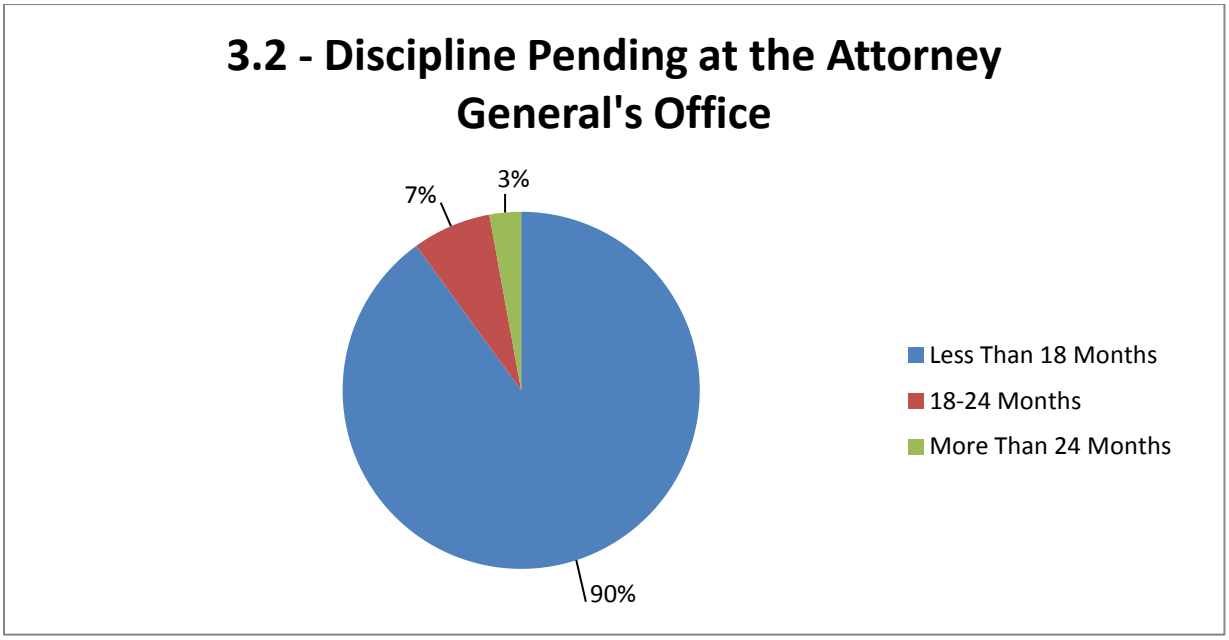
Discipline

3.1 - AG Referrals	FY 2011/12	FY 2012/13	FY 2013/14
Referrals	50	62	45
Accusations Filed	37	50	28
Statements of Issues Filed	2	3	4
Petitions for Revocation of Probation Filed	3	3	4
Closed	26	58	33
Via Stipulated Settlement	*19*	*39*	*23*
Via Proposed Decision	*3*	*5*	*4*
Via Default Decision	*4*	*14*	*6*
Discipline Pending	54	57	70
< 18 Months	*44*	*52*	*63*
18-24 Months	*3*	*2*	*5*
> 24 Months	*7*	*3*	*2*

Comments

- There are two cases that have been at the AG's Office for more than 24 months:
  - Case One: A writ was filed with the California Superior Court, and a Superior Court hearing was held in June. The Court issued a tentative decision in September 2013. However, additional testimony was taken on February 27, 2014. Arguments were heard on March 27, 2014 and the final decision is currently pending.
  - Case Two: An administrative hearing is scheduled for July 2014.
- The CBA has adopted 23 Stipulated Settlements, four Proposed Decisions and six Default Decisions in fiscal year 2013/14.

Chart 3.2 illustrates the number of cases pending at the AG's Office by percentage. Approximately 90 percent of all CBA cases at the AG's Office have been open less than 18 months, seven percent have been pending 18-24 months, and three percent have been pending more than 24 months.



Citations and Fines

4.1 – Citations	FY 2011/12	FY 2012/13	FY 2013/14
Total Citations Issued	908	1,883	1,511
Total Fines Assessed	$255,350	$532,400	$393,900
Peer Review (Failure to Respond)	*872*	*1,800*	*1,481*
Peer Review Fines Assessed	*$217,850*	*$450,000*	*$370,250*
Other Citations	*36*	*83*	*30*
Other Fines Assessed	*$37,500*	*$82,400*	*$23,650*
Other Fines Average	*$1,042*	*$993*	*$788*
Average number of days from receipt of a complaint to issuance of a citation	22	67	31
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 (BPC 5060)	Practice Without Permit (BPC 5050)	Name of Firm (BPC 5060)

Comments

- There were five Other Citations issued since the previous report, with fines totaling $5,850.
- The average number of days from receipt to citation issuance is lower than the previous fiscal year, and is consistent with fiscal year 2011/12.
- The current Other Fines Average amount of $788 decreased slightly by $145 from the previous fiscal year of $993. The fine amount assess varies from $100 to $5,000 and is determined on a case-by-case basis. Factors that may increase or decrease the fine amount include aggravating or mitigating circumstances, and length of time the violation existed.
- The average Peer Review Fines Assessed is $250, which is the same amount for the previous fiscal year. All citations for failure to respond to peer review inquiries were issued a fine of $250.

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. The last probation meetings were held in conjunction with the EAC meeting in May 2014. Staff met with five probationers, and has scheduled two practice investigations for the coming month. There are 68 licensees on probation, with three residing out-of-state.

Peer Review

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	2,634	4,304	15,776	22,714	0
34-66	7/1/12	2,182	4,011	13,180	19,373	0
67-00	7/1/13	2,134	3,912	14,241	20,287	665
		6,950	12,227	43,197	62,374	665

Comments

- The above data represents the results and status of the initial three-year phase-in period associated with Peer Review. Since the last report there were 172 licensees who reported their peer review information.

Performance Measures

The attachment is the performance measure report from the Department of Consumer Affairs (DCA) for the quarter ending March 31, 2014. The CBA continues to meet or exceed all performance measures, with the exception of Performance Measure 4, Formal Discipline. For this period, the CBA currently takes an average of 880 days to complete the entire disciplinary process, which exceeds the target of 540 days as set by the DCA. Please note that the average of 880 days only reflects the total number of closed disciplinary cases during the period of January 1, 2014 to March 31, 2014, and therefore will not match this report. There were a total of three disciplinary cases that were closed during the period of January 1, 2014 to March 31, 2014, and one of those cases petitioned for reconsideration which extended the disciplinary period. As of date, the CBA has a total of 33 closed disciplinary cases for the 2013/14 fiscal year. Please refer to Chart 3.1 for further information.

Mobility

Effective July 1, 2013, the CBA implemented a no notice, no fee practice privilege model in California. 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.

6.1 - Mobility	FY 2013/14
Pre-Notification Forms Received	11
Cessation Event Forms Received	0
SEC Discipline Identified	33
PCAOB Discipline Identified	8
Out-of-State Accounting Firm Registrants That Reported Other Discipline	9
Complaints against Practice Privilege Holders	2

Comments

- Of the 11 Pre-Notification Forms received, nine were inadvertently completed by out-of-state licensees that did not have a pre-notification reporting requirement.
- Staff sent letters to all CPAs who were disciplined from either the Securities and Exchange Commission (SEC) or the Public Company Accounting Oversight Board (PCAOB) to inform them that they must seek CBA authorization prior to practicing in California.

Division Highlights and Future Considerations

- Enforcement management hired four Retired Annuitants to assist in conducting investigations, and eventually in the transition to the BreEze system.
- Enforcement management recently welcomed a new Manager Vincent Johnston to manage the newly established Criminal Offender Record Information (CORI) unit. Mr. Johnston previously served as an Enforcement Investigation Analyst for the CBA Enforcement Unit.
- Enforcement management is currently recruiting investigative CPAs and Enforcement Analyst positions. These positions are pending approval in the 2014/15 fiscal year.

Department of Consumer Affairs

California Board of Accountancy

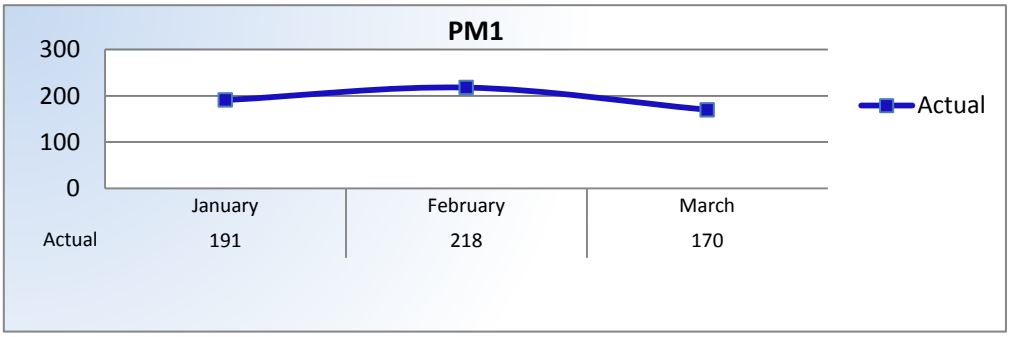
Performance Measures

Q3 Report *(January - March 2014)*

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.

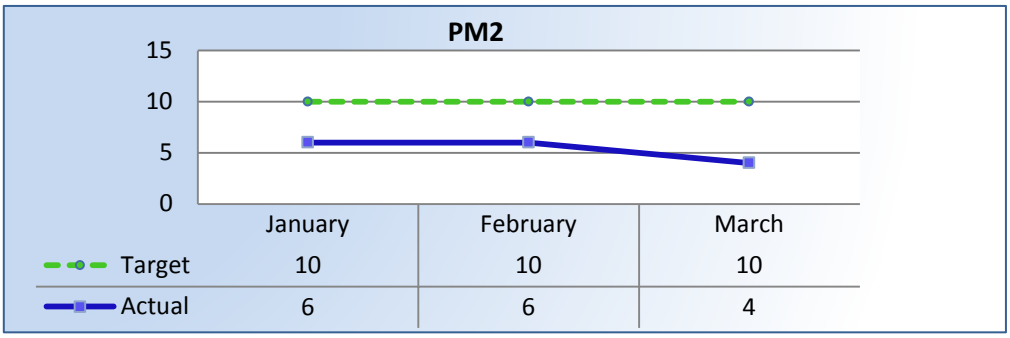


Total Received: 579 Monthly Average: 193

Complaints: 413 | **Convictions**: 166

PM2 | Intake

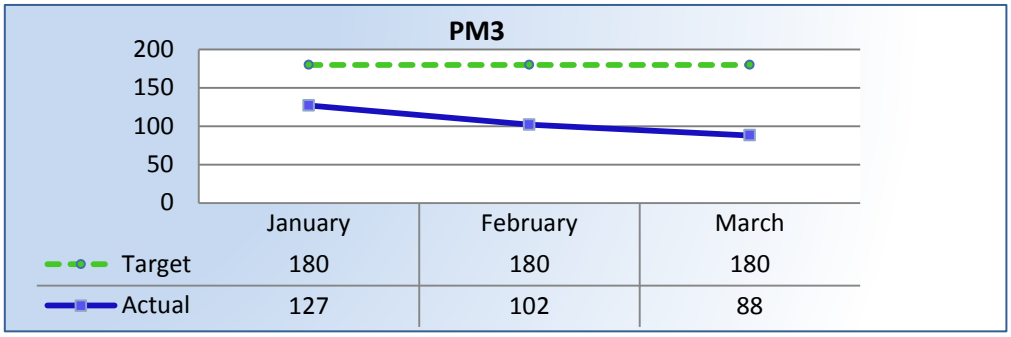
Average cycle time from complaint receipt, to the date the complaint was assigned to an investigator.



Target Average: 10 Days | **Actual Average:** 5 Days

PM3 | Intake & Investigation

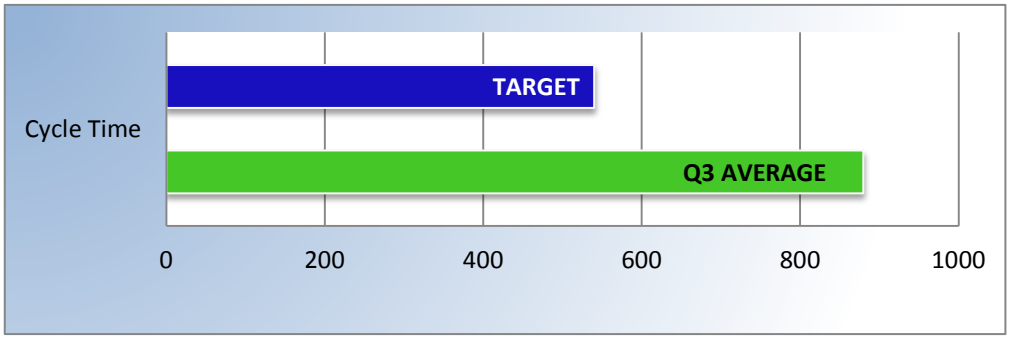
Average cycle time from complaint receipt to closure of the investigation process. Does not include cases sent to the Attorney General or other forms of formal discipline.



Target Average: 180 Days | **Actual Average:** 104 Days

PM4 | Formal Discipline

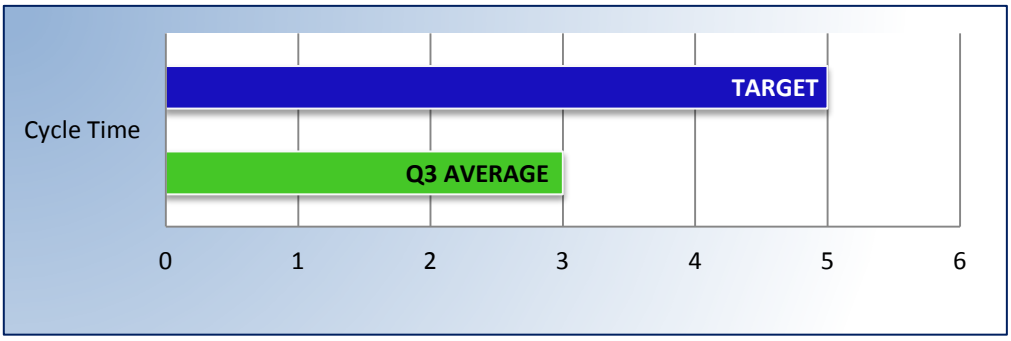
Average number of days to complete the entire enforcement process for cases resulting in formal discipline. (Includes intake and investigation by the Board and prosecution by the AG).



Target Average: 540 Days | **Actual Average:** 880 Days

PM7 |Probation Intake

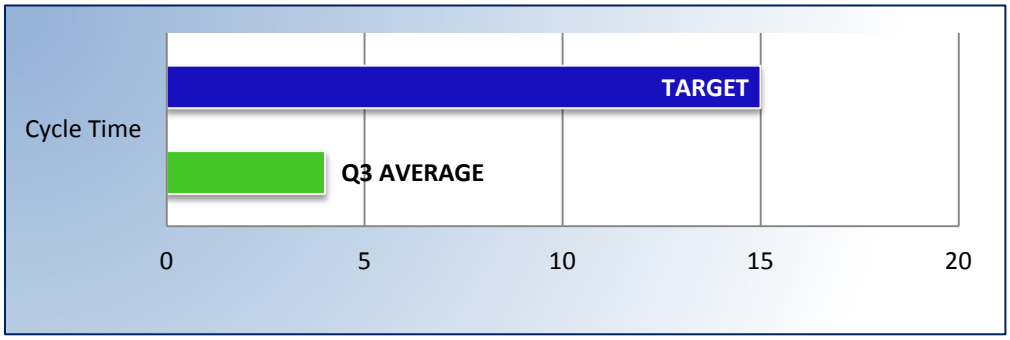
Average number of days from monitor assignment, to the date the monitor makes first contact with the probationer.



Target Average: 5 Days | **Actual Average:** 3 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:** 4 Days

CALIFORNIA BOARD OF ACCOUNTANCY

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
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LC Item II. May 29, 2014
CBA Item VIII.A.2. May 29-30, 2014

Update on Legislation on Which the CBA Has Taken a Position

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: May 7, 2014

Purpose of the Item
The purpose of this agenda item is to present the status of legislation being followed by the California Board of Accountancy (CBA).

Action(s) Needed
The CBA will be asked to determine if it wishes to change any of its positions on legislation based on recent amendments.

Background
The CBA has taken positions on various pieces of legislation (**Attachment 1**). Staff recommend maintaining the current positions on Assembly Bill (AB) 186 and Senate Bill (SB) 176, which have not been amended or had a change in status since 2013. Staff recommend maintaing the current positions on AB 1702 and AB 2058 which have been amended, but not in a way which changes the effect of the bill.

Staff recommend that the CBA Discontinue Following AB 2165 regarding licensing timeframes and AB 2507 regarding attorney billing records as they failed to meet a legislative deadline and are dead for the year. Staff will continue to monitor all bills as the subject matter could be amended into another bill at any time.

Comments
The remaining bill is still moving through the process, is still relevant to the CBA and has been substantially amended since the CBA's March meeting.

AB 2147 – Personal Information (**Attachment 2**)
CBA Position: Watch

What It Did
This bill would require agencies to obtain prior written consent before releasing personal information to an independent contractor or anyone who is not an agency employee.

Amendments
The amendments gut the existing contents and replace them. The bill would now require a state entity that collects information by means of an electronic form to

include a disclosure notice right above the button used to submit the form. The notice would acknowledge that the information is being collected and may be shared. The bill also prohibits state agencies from using or sharing the information until the person submits the form.

Analysis
AB 2147 does not specify the type of information being collected. As written, this bill may require the disclosure notice above the buttons for searching the CBA website, the button to perform a license lookup, or other innocuous functions. Staff have drafted amendments (**Attachment 3**) that would specify that the user's information being collected would need to be personal, private, and retained to fall under the requirements of this bill.

As proposed to be amended, on the CBA's website, this would currently affect exam applicants and those who are signing up for e-news. However, with the implementation of BreEZe and its online application forms, many more functions that stakeholders would regularly encounter would fall under this bill's requirements.

While staff has discussed the issue with the author's office, they have not yet made any commitments to changing the bill.

Recommendation
Adopt an Oppose Unless Amended position.

Recommendation

The following is a summary of the staff recommendations provided above:

- No action is needed to follow staff recommendation to maintain current positions on AB 186, AB 1702, AB 2058, and SB 176.
- Discontinue Following AB 2165 and AB 2507.
- Adopt an Oppose Unless Amended position on AB 2147.

Attachments

1. Legislative Tracking List
2. AB 2147
3. AB 2147 Proposed Amendments

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Attachment 1

2013-14 Legislative Tracking List

Bill #	Author	Topic	Position	Status
AB 186	Maienschein	Temporary licenses	Support if Amended	Senate Business and Professions
AB 1702	Maienschein	Incarceration	Support	Assembly Appropriations
AB 2058	Wilk	Open Meetings	Oppose	Assembly Appropriations - Suspense
AB 2147	Melendez	Personal Information	Watch	Assembly Judiciary
AB 2165	Patterson	Licensing Timeframes	Oppose Unless Amended	Assembly Business and Professions
AB 2507	Bocanegra	Public Records: Attorney Billing Records	Support	Assembly Judiciary
SB 176	Galgiani	Administrative Procedures	Support	Assembly Appropriations - Suspense

AMENDED IN ASSEMBLY APRIL 22, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2147

Introduced by Assembly Member Melendez

February 20, 2014

An act to ~~amend Section 1798.24 of the Civil~~ *add Section 8310.9 to the Government* Code, relating to ~~the right to privacy~~ *state information practices*.

LEGISLATIVE COUNSEL'S DIGEST

AB 2147, as amended, Melendez. ~~Privacy: personal information: agency disclosure.~~ *State government Web sites: information practices.*

Existing law ~~outlines~~ *prescribes* the procedures for *state* agencies to follow in the collection, maintenance, and dissemination of personal information, as defined, in order to protect the privacy of individuals. Existing law prohibits an agency from disclosing ~~any~~ personal information in a manner that would link the information disclosed to the individual to whom it pertains, with specified exceptions.

This bill would require a state entity, as defined, that uses an Internet Web site to obtain information by means of an electronic form to include a specified disclosure notice clearly displayed in direct proximity above the button used to submit the form. The disclosure would acknowledge that the information is being collected and may be shared. The bill would also prohibit a state entity using an electronic form, as described above, to utilize or share any information provided until the person entering information into the form specifically acts to submit the form.

~~This bill would, with regard to specified disclosures of personal information, require agencies to obtain prior written voluntary consent of the individual before releasing the personal information to an~~

~~independent contractor or other worker who is not an agency employee or to a natural person or corporation, partnership, limited liability company, firm, association, or other nongovernment entity.~~

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

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

SECTION 1. Section 8310.9 is added to the Government Code, to read:

8310.9. (a) For purposes of this section, "state entity" means any agency, department, bureau, board, or commission of any kind.

(b) A state entity that uses an Internet Web site to obtain information by means of an electronic form shall include the following disclosure notice clearly displayed in a minimum of 12-point boldface type, in direct proximity above the button used to submit the form:

By submitting this form, I acknowledge that this information is being collected by the state and may be shared with another state agency or a private party in accordance with Section 1798.24 of the Civil Code and the Information Practices Act of 1977 generally.

(c) A state entity that uses an Internet Web site to obtain information by means of an electronic form shall not utilize or share any information provided until the person entering information into the form specifically acts to submit the form. Information in partially completed forms that have not been formally submitted shall not be utilized or otherwise shared.

~~SECTION 1. Section 1798.24 of the Civil Code is amended to read:~~

~~1798.24. No agency may disclose any personal information in a manner that would link the information disclosed to the individual to whom it pertains unless the information is disclosed, as follows:~~

~~(a) To the individual to whom the information pertains.~~

~~(b) With the prior written voluntary consent of the individual to whom the record pertains, but only if that consent has been obtained not more than 30 days before the disclosure, or in the time limit agreed to by the individual in the written consent.~~

~~(c) To the duly appointed guardian or conservator of the individual or a person representing the individual if it can be proven with reasonable certainty through the possession of agency forms, documents or correspondence that this person is the authorized representative of the individual to whom the information pertains.~~

~~(d) To those officers, employees, attorneys, agents, or volunteers of the agency that has custody of the information if the disclosure is relevant and necessary in the ordinary course of the performance of their official duties and is related to the purpose for which the information was acquired, except personal information may be disclosed to an independent contractor or other worker who is not an agency employee only with prior written voluntary consent of the individual pursuant to subdivision (b).~~

~~(e) To a person, or to another agency where the transfer is necessary for the transferee agency to perform its constitutional or statutory duties, and the use is compatible with a purpose for which the information was collected and the use or transfer is accounted for in accordance with Section 1798.25. For information transferred pursuant to this subdivision the following shall apply:~~

~~(1) With respect to information transferred from a law enforcement or regulatory agency, or information transferred to another law enforcement or regulatory agency, a use is compatible if the use of the information requested is needed in an investigation of unlawful activity under the jurisdiction of the requesting agency or for licensing, certification, or regulatory purposes by that agency.~~

~~(2) With respect to information transferred to a natural person or a person that is a corporation, partnership, limited liability company, firm, association, or other nongovernment entity, personal information may be disclosed only with prior written voluntary consent of the individual pursuant to subdivision (b).~~

~~(f) To a governmental entity when required by state or federal law.~~

~~(g) Pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code).~~

~~(h) To a person who has provided the agency with advance, adequate written assurance that the information will be used solely for statistical research or reporting purposes, but only if the information to be disclosed is in a form that will not identify any individual.~~

~~(i) Pursuant to a determination by the agency that maintains information that compelling circumstances exist that affect the health or safety of an individual, if upon the disclosure notification is transmitted to the individual to whom the information pertains at his or her last known address. Disclosure shall not be made if it is in conflict with other state or federal laws.~~

~~(j) To the State Archives as a record that has sufficient historical or other value to warrant its continued preservation by the California state government, or for evaluation by the Director of General Services or his or her designee to determine whether the record has further administrative, legal, or fiscal value.~~

~~(k) To any person pursuant to a subpoena, court order, or other compulsory legal process if, before the disclosure, the agency reasonably attempts to notify the individual to whom the record pertains, and if the notification is not prohibited by law.~~

~~(*l*) To any person pursuant to a search warrant.~~

~~(m) Pursuant to Article 3 (commencing with Section 1800) of Chapter 1 of Division 2 of the Vehicle Code.~~

~~(n) For the sole purpose of verifying and paying government health care service claims made pursuant to Division 9 (commencing with Section 10000) of the Welfare and Institutions Code.~~

~~(o) To a law enforcement or regulatory agency when required for an investigation of unlawful activity or for licensing, certification, or regulatory purposes, unless the disclosure is otherwise prohibited by law.~~

~~(p) To another person or governmental organization to the extent necessary to obtain information from the person or governmental organization as necessary for an investigation by the agency of a failure to comply with a specific state law that the agency is responsible for enforcing.~~

~~(q) To an adopted person and is limited to general background information pertaining to the adopted person's natural parents, provided that the information does not include or reveal the identity of the natural parents.~~

~~(r) To a child or a grandchild of an adopted person and disclosure is limited to medically necessary information pertaining to the adopted person's natural parents. However, the information, or the process for obtaining the information, shall not include or reveal the identity of the natural parents. The State Department of~~

~~Social Services shall adopt regulations governing the release of information pursuant to this subdivision by July 1, 1985. The regulations shall require licensed adoption agencies to provide the same services provided by the department as established by this subdivision.~~

~~(s) To a committee of the Legislature or to a Member of the Legislature, or his or her staff when authorized in writing by the member, where the member has permission to obtain the information from the individual to whom it pertains or where the member provides reasonable assurance that he or she is acting on behalf of the individual.~~

~~(t) (1) To the University of California, a nonprofit educational institution, or, in the case of education-related data, another nonprofit entity, conducting scientific research, provided the request for information is approved by the Committee for the Protection of Human Subjects (CPHS) for the California Health and Human Services Agency (CHHSA) or an institutional review board, as authorized in paragraphs (4) and (5). The approval required under this subdivision shall include a review and determination that all the following criteria have been satisfied:~~

~~(A) The researcher has provided a plan sufficient to protect personal information from improper use and disclosures, including sufficient administrative, physical, and technical safeguards to protect personal information from reasonable anticipated threats to the security or confidentiality of the information.~~

~~(B) The researcher has provided a sufficient plan to destroy or return all personal information as soon as it is no longer needed for the research project, unless the researcher has demonstrated an ongoing need for the personal information for the research project and has provided a long-term plan sufficient to protect the confidentiality of that information.~~

~~(C) The researcher has provided sufficient written assurances that the personal information will not be reused or disclosed to any other person or entity, or used in any manner, not approved in the research protocol, except as required by law or for authorized oversight of the research project.~~

~~(2) The CPHS or institutional review board shall, at a minimum, accomplish all of the following as part of its review and approval of the research project for the purpose of protecting personal information held in agency databases:~~

~~(A) Determine whether the requested personal information is needed to conduct the research.~~

~~(B) Permit access to personal information only if it is needed for the research project.~~

~~(C) Permit access only to the minimum necessary personal information needed for the research project.~~

~~(D) Require the assignment of unique subject codes that are not derived from personal information in lieu of social security numbers if the research can still be conducted without social security numbers.~~

~~(E) If feasible, and if cost, time, and technical expertise permit, require the agency to conduct a portion of the data processing for the researcher to minimize the release of personal information.~~

~~(3) Reasonable costs to the agency associated with the agency's process of protecting personal information under the conditions of CPHS approval may be billed to the researcher, including, but not limited to, the agency's costs for conducting a portion of the data processing for the researcher, removing personal information, encrypting or otherwise securing personal information, or assigning subject codes.~~

~~(4) The CPHS may enter into written agreements to enable other institutional review boards to provide the data security approvals required by this subdivision, provided the data security requirements set forth in this subdivision are satisfied.~~

~~(5) Pursuant to paragraph (4), the CPHS shall enter into a written agreement with the institutional review board established pursuant to Section 49079.5 of the Education Code. The agreement shall authorize, commencing July 1, 2010, or the date upon which the written agreement is executed, whichever is later, that board to provide the data security approvals required by this subdivision, provided the data security requirements set forth in this subdivision and the act specified in paragraph (1) of subdivision (a) of Section 49079.5 are satisfied.~~

~~(u) To an insurer if authorized by Chapter 5 (commencing with Section 10900) of Division 4 of the Vehicle Code.~~

~~(v) Pursuant to Section 280, 282, 8009, or 18396 of the Financial Code.~~

~~This article shall not be construed to require the disclosure of personal information to the individual to whom the information~~

~~pertains when that information may otherwise be withheld as set forth in Section 1798.40.~~

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Attachment 3

Proposed Amendments to AB 2147

Section 8310.9 is added to the Government Code, to read:

8310.9.
(a) For purposes of this section, “state entity” means any agency, department, bureau, board, or commission of any kind.

(b) A state entity that uses an Internet Web site to obtain, and retain, personal and private information of the user by means of an electronic form shall include the following disclosure notice clearly displayed in a minimum of 12-point boldface type, in direct proximity above the button used to submit the form:

By submitting this form, I acknowledge that this information is being collected by the state and may be shared with another state agency or a private party in accordance with Section 1798.24 of the Civil Code and the Information Practices Act of 1977 generally.

(c) A state entity that uses an Internet Web site to obtain, and retain, personal and private information of the user by means of an electronic form shall not utilize or share any information provided until the person entering information into the form specifically acts to submit the form. Information in partially completed forms that have not been formally submitted shall not be utilized or otherwise shared.

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 2396

Subject:	Convictions: expungement: licenses	**Author:**	Bonta
Version:	April 21, 2014	**Sponsor:**	County of Alameda
Status:	Assembly Appropriations		

Summary

Assembly Bill (AB) 2396 (**Attachment 1**) would prohibit a board from denying a license based solely on a conviction that has been dismissed. Staff will recommend that the California Board of Accountancy (CBA) take an Oppose position on the bill.

Background

Current law prohibits boards from denying a license if the applicant has obtained a certificate of rehabilitation in the case of a felony or has met the board's rehabilitation criteria (CBA Regulations section 99.1 (**Attachment 2**)) in the case of a misdemeanor. A certificate of rehabilitation is a court document declaring that a person is now obeying the laws of the land and demonstrating good moral character. It is designed to restore civil and political rights of citizenship to those who have been convicted of felonies who have proved their rehabilitation to the court. The CBA has not had any cases where one of these certificates has been shown in recent memory.

This bill would add a provision to this law that would, notwithstanding any other provisions of the Business and Professions Code (BPC), prohibit a board from denying a license solely on the basis of a conviction that has been dismissed.

Analysis

The CBA has a provision in the Accountancy Act (BPC section 5106) which allows the CBA to deny a license based on a conviction irrespective of a subsequent order such as a dismissal.

Because AB 2396 includes the language stating, "notwithstanding any other provisions of this code," AB 2396 would supercede BPC section 5106, and the CBA would no longer be able to deny a license solely based on a dismissed conviction. The CBA has only had a few cases in recent years where a license denial is considered due to a dismissed conviction. AB 2396 would remove that as an enforcement tool for consumer protection.

Fiscal Estimate

None. The CBA would simply issue a license to an applicant that might otherwise have been denied.

Recommendation

<u>Oppose</u>. This bill would remove the CBA's option and discretion in denying a license based on a dismissed conviction, weakening consumer protection.

Support/Opposition

Support: Alameda County Board of Supervisors (sponsor)
Lawyers' Committee for Civil Rights of the San Francisco Bay Area
Legal Services for Prisoners with Children
National Employment Law Project
The Women's Foundation of California

Opposition: None at this time

Effective/Operative Date

January 1, 2015

Related Bills

AB 1702 – Professions and vocations: incarceration

Attachment

1. AB 2396
2. CBA Regulations section 99.1

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2396

Introduced by Assembly Member Bonta

February 21, 2014

An act to amend Section ~~1203.41 of the Penal Code~~ *480 of the Business and Professions Code*, relating to expungement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2396, as amended, Bonta. Convictions: ~~expungement.~~ *expungement: licenses.*

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law authorizes a board to deny, suspend, or revoke a license on various grounds, including, but not limited to, conviction of a crime if the crime is substantially related to the qualifications, functions, or duties of the business or profession for which the license was issued. Existing law prohibits a board from denying a license on the ground that the applicant has committed a crime if the applicant shows that he or she obtained a certificate of rehabilitation in the case of a felony, or that he or she has met all applicable requirements of the criteria of rehabilitation developed by the board, as specified, in the case of a misdemeanor.

Existing law permits a defendant to withdraw his or her plea of guilty or plea of nolo contendere and enter a plea of not guilty in any case in which a defendant has fulfilled the conditions of probation for the entire period of probation, or has been discharged prior to the termination of the period of probation, or has been convicted of a misdemeanor and not granted probation and has fully complied with and performed the

sentence of the court, or has been sentenced to a county jail for a felony, or in any other case in which a court, in its discretion and the interests of justice, determines that a defendant should be granted this or other specified relief and requires the defendant to be released from all penalties and disabilities resulting from the offense of which he or she has been convicted.

This bill would prohibit a board from denying a license based solely on a conviction that has been dismissed pursuant to the above provisions.

~~Existing law authorizes a court to allow a defendant sentenced to a county jail for a felony to withdraw his or her plea of guilty or plea of nolo contendere and enter a plea of not guilty after the lapse of one or 2 years following the defendant's completion of the sentence, as specified, provided that the defendant is not under supervision, as specified, and is not serving a sentence for, on probation for, or charged with the commission of any offense. Existing law releases the defendant from all penalties and disabilities resulting from the offense of which he or she has been convicted, except as specified.~~

~~This bill would make a technical, nonsubstantive change to these provisions.~~

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

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

SECTION 1. Section 480 of the Business and Professions Code is amended to read:

480. (a) A board may deny a license regulated by this code on the grounds that the applicant has one of the following:

(1) Been convicted of a crime. A conviction within the meaning of this section means a plea or verdict of guilty or a conviction following a plea of nolo contendere. Any action that a board is permitted to take following the establishment of a conviction may be taken when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal, or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under the provisions of Section 1203.4*, 1203.4a, or 1203.41* of the Penal Code.

(2) Done any act involving dishonesty, fraud, or deceit with the intent to substantially benefit himself or herself or another, or substantially injure another.

(3) (A) Done any act that if done by a licentiate of the business or profession in question, would be grounds for suspension or revocation of license.

(B) The board may deny a license pursuant to this subdivision only if the crime or act is substantially related to the qualifications, functions, or duties of the business or profession for which application is made.

(b) Notwithstanding any other provision of this code, ~~no person shall~~ *a person shall not* be denied a license solely on the basis that he or she has been convicted of a felony if he or she has obtained a certificate of rehabilitation under Chapter 3.5 (commencing with Section 4852.01) of Title 6 of Part 3 of the Penal Code or that he or she has been convicted of a misdemeanor if he or she has met all applicable requirements of the criteria of rehabilitation developed by the board to evaluate the rehabilitation of a person when considering the denial of a license under subdivision (a) of Section 482.

(c) Notwithstanding any other provisions of this code, a person shall not be denied a license solely on the basis of a conviction that has been dismissed pursuant to Section 1203.4, 1203.4a, or 1203.41.

~~(c)~~

(d) A board may deny a license regulated by this code on the ground that the applicant knowingly made a false statement of fact required to be revealed in the application for the license.

~~SECTION 1. Section 1203.41 of the Penal Code is amended to read:~~

~~1203.41. (a) If a defendant is sentenced pursuant to paragraph (5) of subdivision (h) of Section 1170, the court, in its discretion and in the interests of justice, may order the following relief, subject to the conditions of subdivision (b):~~

~~(1) The court may permit the defendant to withdraw his or her plea of guilty or plea of nolo contendere and enter a plea of not guilty, or, if he or she has been convicted after a plea of not guilty, the court shall set aside the verdict of guilty, and, in either case, the court shall thereupon dismiss the accusations or information against the defendant and he or she shall thereafter be released~~

~~from all penalties and disabilities resulting from the offense of which he or she has been convicted, except as provided in Section 13555 of the Vehicle Code.~~

~~(2) The relief available under this section may be granted only after the lapse of one year following the defendant's completion of the sentence, if the sentence was imposed pursuant to subparagraph (B) of paragraph (5) of subdivision (h) of Section 1170, or after the lapse of two years following the defendant's completion of the sentence, if the sentence was imposed pursuant to subparagraph (A) of paragraph (5) of subdivision (h) of Section 1170.~~

~~(3) The relief available under this section may be granted only if the defendant is not under supervision pursuant to subparagraph (B) of paragraph (5) of subdivision (h) of Section 1170, and is not serving a sentence for, on probation for, or charged with the commission of any offense.~~

~~(4) The defendant shall be informed, either orally or in writing, of the provisions of this section and of his or her right, if any, to petition for a certificate of rehabilitation and pardon at the time he or she is sentenced.~~

~~(5) The defendant may make the application and change of plea in person or by attorney, or by a probation officer authorized in writing.~~

~~(b) Relief granted pursuant to subdivision (a) is subject to the following conditions:~~

~~(1) In a subsequent prosecution of the defendant for any other offense, the prior conviction may be pleaded and proved and shall have the same effect as if the accusation or information had not been dismissed.~~

~~(2) The order shall state, and the defendant shall be informed, that the order does not relieve him or her of the obligation to disclose the conviction in response to any direct question contained in any questionnaire or application for public office, for licensure by any state or local agency, or for contracting with the California State Lottery Commission.~~

~~(3) Dismissal of an accusation or information pursuant to this section does not permit a person to own, possess, or have in his or her custody or control any firearm or prevent his or her conviction under Chapter 2 (commencing with Section 29800) of Division 9 of Title 4 of Part 6.~~

~~(4) Dismissal of an accusation or information underlying a conviction pursuant to this section does not permit a person prohibited from holding public office as a result of that conviction to hold public office.~~

~~(c) This section applies to any conviction specified in subdivision (a) that occurred before, on, or after January 1, 2014.~~

~~(d) A person who petitions for a change of plea or setting aside of a verdict under this section may be required to reimburse the court for the actual costs of services rendered, whether or not the petition is granted and the records are sealed or expunged, at a rate to be determined by the court not to exceed one hundred fifty dollars ($150), and to reimburse the county for the actual costs of services rendered, whether or not the petition is granted and the records are sealed or expunged, at a rate to be determined by the county board of supervisors not to exceed one hundred fifty dollars ($150), and to reimburse any city for the actual costs of services rendered, whether or not the petition is granted and the records are sealed or expunged, at a rate to be determined by the city council not to exceed one hundred fifty dollars ($150). Ability to make this reimbursement shall be determined by the court using the standards set forth in paragraph (2) of subdivision (g) of Section 987.8 and shall not be a prerequisite to a person's eligibility under this section. The court may order reimbursement in any case in which the petitioner appears to have the ability to pay, without undue hardship, all or any portion of the costs for services established pursuant to this subdivision.~~

~~(e) (1) Relief shall not be granted under this section unless the prosecuting attorney has been given 15 days' notice of the petition for relief. The probation officer shall notify the prosecuting attorney when a petition is filed, pursuant to this section.~~

~~(2) It shall be presumed that the prosecuting attorney has received notice if proof of service is filed with the court.~~

~~(f) If, after receiving notice pursuant to subdivision (e), the prosecuting attorney fails to appear and object to a petition for dismissal, the prosecuting attorney may not move to set aside or otherwise appeal the grant of that petition.~~

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Attachment 2

CBA Regulations Section 99.1

99.1. Rehabilitation Criteria for Denials, Suspensions, Revocations, Restorations, Reduction of Penalty, Etc.

When considering the denial of a certificate or permit under Section 480 of the Business and Professions Code, the suspension or revocation of a certificate or permit or restoration of a revoked certificate under Section 11522 of the Government Code, the board, in evaluating the rehabilitation of the applicant and his present eligibility for a certificate or permit, will consider the following criteria:

(1) Nature and severity of the act(s) or offense(s).
(2) Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration which also could be considered as grounds for denial, suspension or revocation.
(3) The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2).
(4) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or licensee.
(5) If applicable, evidence of expungement proceedings pursuant to Section 1203.4 of the Penal Code.
(6) Evidence, if any, of rehabilitation submitted by the applicant or licensee.

CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 2415

Subject:	Property tax agents	**Author:**	Ting
Version:	April 3, 2014	**Sponsor:**	Author
Status:	Assembly Appropriations		

Summary

Assembly Bill (AB) 2415 would establish a statewide structure for the regulation of Property Tax Agents. Staff does not have a recommendation on this bill. However, the California Board of Accountancy (CBA) took an Oppose position on a similar bill last year.

Background

Property Tax Agents are individuals who help clients reduce their property tax bill by representing them during the county's property assessment process. There is no general definition in California law for Property Tax Agents, nor is any training or registration legally required. Property Tax Agents come from a variety of disciplines, including attorneys, certified public accountants (CPA), realtors, mortgage brokers and former employees of a county assessor's office.

Analysis

This bill would define a property tax agent as any individual who is employed, under contract, or otherwise receives compensation. It would also, commencing September 1, 2015, prohibit them from communicating with any county official for the purpose of influencing official action relating to the establishment of a taxable value for any property, and prohibit them from representing a taxpayer before a county official, without first being registered by the Secretary of State. It establishes the registration fee as $250. It does not require completion of any specified education, nor does it require bonding.

This bill prohibits anyone from registering if they have been convicted of a felony or any other offense involving dishonesty, breach of trust, or moral turpitude. A person also cannot register if their license to practice as an attorney, CPA, public accountant, or actuary has been revoked by any authority.

This bill would impose a second licensing requirement on CPAs who perform property tax agent work resulting in additional administrative and financial burdens for those who are already licensed and regulated by the CBA. This could be perceived by the CBA as an intrusion on its licensing and enforcement functions. The CBA may wish to consider offering an amendment to remove CPAs from this bill.

Fiscal Estimate

None.

Recommendation
Staff does not have a recommendation. However, as the CBA opposed AB 1151, a substantially similar bill, last year, it may wish to consider taking an Oppose or an Oppose Unless Amended position.

Support/Opposition

Support:
- Assessment Counselling Services
- California Alliance of Taxpayer Advocates
- California Association of Clerks and Election Officials
- California Building Industry Association
- Easley, McCaleb & Associates, Inc.
- Gangloff & Gangloff, Attorneys at Law
- Independent Tax Representatives, LLC
- Lawrence E. Stone, Santa Clara County Assessor
- Marvin F. Poer and Company
- Multifamily Utility
- Paradigm Tax Group
- Paramount Property Tax Appeal
- Patrick J. Chambers Property Tax Consulting Services
- Property Tax Assistance Co., Inc.
- Property Tax Resource
- Property Tax Solutions, Inc.
- Rural County Representatives of California
- Ryan
- Versatax Consulting

Opposition:
- California Chamber of Commerce (unless amended)
- California Society of CPAs
- Howard Jarvis Taxpayers Association
- National Federation of Independent Business (unless amended)
- Secretary of State Debra Bowen (unless amended)

Effective/Operative Date
January 1, 2015

Related Bills
AB 1151 – Property tax agents

Attachment
AB 2415

AMENDED IN ASSEMBLY APRIL 3, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2415

Introduced by Assembly Member Ting
(Principal coauthor: Assembly Member Cooley)
(Coauthor: Assembly Member Bocanegra)

February 21, 2014

~~An act to add Chapter 5.10 (commencing with Section 25499) to Division 15 of the Public Resources Code, relating to energy.~~ *An act to add Chapter 14.5 (commencing with Section 22260) to Division 8 of the Business and Professions Code, relating to property tax agents.*

LEGISLATIVE COUNSEL'S DIGEST

AB 2415, as amended, Ting. ~~Energy: electric vehicle charging station: matching grants.~~ *Property tax agents.*

Existing law requires every assessor to assess all property subject to general property taxation at its full value and to prepare an assessment roll in which all property within the county that it is the assessor's duty to assess is required to be listed. Existing law requires a county board of equalization or an assessment appeals board to equalize the assessment of property on the local roll for the purpose of taxation. Existing law authorizes a taxpayer, with respect to each assessment year, to file an application for a reduction in an assessment, as provided, with the county board, which is the county board of supervisors meeting as a county board of equalization or an assessment appeals board.

This bill would, commencing September 1, 2015, prohibit a property tax agent, defined as any individual who is employed, under contract, or otherwise receives compensation, from communicating directly with any county official for the purpose of influencing official action relating

to the establishment of a taxable value for any property subject to taxation, and from representing a taxpayer before a county official, without first being registered and issued a registration number by the Secretary of State. The bill would require a Property Tax Agent to file with the Secretary of State an application for registration that includes specified information and a registration fee in the amount of $250. This bill would make the registration subject to biennial renewal and require the payment of a $250 renewal fee. This bill would prohibit a person from registering, renewing his or her registration, or providing services as a Property Tax Agent if that person has been convicted of a felony or certain other criminal offenses or has had his or her professional license, as specified, revoked. This bill would authorize the Secretary of State to revoke a Property Tax Agent's registration for any violation of these provisions subject to specified procedures, and would require the Secretary of State to send the Property Tax Agent a written notice of intent to revoke prior to the revocation. This bill would also require the Secretary of State to conduct a background check on each property tax agent in accordance with regulations to be developed by the Secretary of State.

This bill would require the Secretary of State to develop a list of registered property tax agents, and a list of registered property tax agents who have been fined or whose license has been revoked, and to make those lists publicly available on its Internet Web site, as specified. The bill would prohibit a Property Tax Agent from engaging in specified activities, including, but not limited to, representing that the Property Tax Agent can control the official action of any county official and making a gift, as defined, to any county official. The bill would authorize the Secretary of State to pursue civil penalties not to exceed $1,500 for the failure to comply with, or a violation of, these provisions subject to specified procedures, and would require the Secretary of State to send the Property Tax Agent a written notice of noncompliance or violation prior to the imposition of these civil penalties.

This bill would preempt and supersede all local ordinances regarding the registration of any individual who communicates directly or indirectly with any county official for the purpose of influencing official action regarding a property tax assessment.

~~Existing law requires the State Energy Resources Conservation and Development Commission to administer programs to provide financial assistance to local governments undertaking energy conservation projects.~~

~~This bill would require the commission to develop and administer an electric vehicle charging station matching grant program to provide financial assistance to cities, counties, and a city and county for the installation of electric vehicle charging stations at public on-street parking locations.~~

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

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

SECTION 1. Chapter 14.5 (commencing with Section 22260) is added to Division 8 of the Business and Professions Code, to read:

Chapter 14.5. Property Tax Agents

22260. The following definitions apply for purposes of this chapter:

(a) "County official" means the county assessor, an assessment appeals board member, an assessment hearing officer, and any other county employee within those offices whose duties are not primarily clerical or manual.

(b) "Gift" shall be defined as set forth in the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code) and the regulations adopted thereunder.

(c) (1) "Influencing official action" means representing a taxpayer as an agent in connection with any matter before any county official by promoting, supporting, influencing, seeking modification of, opposing, or seeking delay of any official action by any means.

(2) The filing or submitting of required county forms for compliance purposes and communication related to these filings shall not be considered to be influencing official action.

(d) "Official action" means establishing a taxable value for any property subject to property taxation, including initial value, declines in value, corrections to values and any other changes in the taxable value set; completing an assessment roll showing the assessed values of all property; applying all legal exemptions to assessments; issuing refunds; and deciding all property assessment disputes between taxpayers and a county official.

(e) "Public official" and "public employee" mean any government official or employee of any state or local government agency.

(f) "Property Tax Agent" means any individual who is employed, under contract, or otherwise receives compensation to communicate directly, or through agents, employees, or subcontractors, with any county official for the purpose of influencing official action. A Property Tax Agent shall not include:

(1) An elected or appointed public official or public employee when acting in his or her official capacity.

(2) A person representing any of the following:

(A) Himself or herself.

(B) An immediate family member.

(C) An entity of which the person is a partner or owner of 10 percent or more of the value of the entity.

(3) An in-house tax professional or in-house employee representing his or her employer by influencing official action.

22260.1. (a) (1) Each Property Tax Agent, within 30 days of becoming a Property Tax Agent, shall file with the Secretary of State an application for a registration containing the following information:

(A) The Property Tax Agent's full name, business address, business telephone number, and business email address, if applicable.

(B) The name of the Property Tax Agent's employing tax agent firm, if applicable.

(C) A statement that the Property Tax Agent has read and understands the duties and prohibitions contained in Section 22260.6.

(2) A Property Tax Agent shall also pay the Secretary of State a registration fee in the amount of two hundred fifty dollars ($250).

(b) If the requirements of subdivision (a) are satisfied, the Secretary of State shall issue a Property Tax Agent registration number to the Property Tax Agent within 5 business days.

(c) Beginning September 1, 2015, a Property Tax Agent shall not represent taxpayers before a county official without first being registered and issued a registration number pursuant to this section.

(d) A registration issued pursuant to this section shall expire two years from its date of issuance unless and until that person

terminates the registration or the registration is revoked pursuant to Section 22260.8. An expired registration may be renewed biennially if the registrant pays an annual renewal registration fee in the amount of two hundred fifty dollars ($250) to the Secretary of State.

(e) A person may not register, renew his or her registration, or provide services as a Property Tax Agent if that person:

(1) Has been convicted of any felony under state or federal tax laws.

(2) Has been convicted of any other criminal offense involving dishonesty, breach of trust, or moral turpitude.

(3) Has had his or her professional license to practice as an attorney, certified public accountant, public accountant, or actuary revoked by any duly constituted authority of any state, territory, or possession of the United States, including a commonwealth, or the District of Columbia, any court of record, or any agency, body, or board.

(f) The Secretary of State shall conduct a background check on each Property Tax Agent applicant in accordance with rules and regulations developed by the Secretary of State.

(g) Registration fees collected pursuant to this chapter shall be deposited in the Secretary of State's Business Fees Fund established in Section 12176 of the Government Code.

22260.2. A county supervisor or a member of a county assessment appeals board shall not act as a Property Tax Agent in the county in which they currently serve as a county supervisor or as a member of a county assessment appeals board.

22260.3. (a) Within 30 days of any change in any of the registration information submitted pursuant to Section 22260.1, a Property Tax Agent shall file updated registration information with the Secretary of State.

(b) When a Property Tax Agent ceases all activities related to influencing official action, this fact shall be reported to the Secretary of State.

(c) It shall be a violation of this chapter for any person to act as a Property Tax Agent if that person is not registered as a Property Tax Agent pursuant to Section 22260.1 or if that person was previously registered as a Property Tax Agent pursuant to Section 22260.1 but that person is no longer registered as a Property Tax Agent.

22260.4. This chapter shall not be construed to prohibit a county from, by ordinance, enacting Property Tax Agent reporting requirements for campaign contributions to elected officials in that county.

22260.5. (a) The secretary shall develop a list of registered Property Tax Agents and make that list available to the public on its Internet Web site.

(b) The secretary shall develop a list of registered Property Tax Agents, who after exhausting their administrative remedies, have been fined or whose license has been revoked, and post the names and business addresses of those Property Tax Agents on the secretary's Internet Web site.

22260.6. A property tax agent shall not engage in any of the following activities:

(a) Use, or participate in the use of, any public communication or private solicitation containing false, misleading, fraudulent, or deceptive representations, or intimate that the Property Tax Agent is able to improperly obtain special consideration or action from the county of any county official.

(b) Act as or attempt to act as, or claim to be the Property Tax Agent of a taxpayer, or represent a taxpayer before a county or any county official, without the authorization of that taxpayer.

(c) Violate Section 17533.6 or 17537.9 of the California Business and Professions Code.

(d) Knowingly aid and abet another person to practice as a Property Tax Agent before the county or a county official during a period when the other person has been deregistered as a Property Tax Agent or otherwise is ineligible to lawfully act as a Property Tax Agent.

(e) Directly or indirectly attempt to influence, or offer or agree to attempt to influence, the official action of any county official by the use of threats, false accusations, duress, or coercion, by the offer of any special inducement or promise of an advantage or by bestowing any gift, campaign contribution, favor, or thing of value.

(f) Do anything with the purpose of placing any county official under personal obligation to the Property Tax Agent or another.

(g) Represent, either directly or indirectly, that the Property Tax Agent can control the official action of any county official.

(h) Make a gift or gifts of any monetary value to a county official. A Property Tax Agent shall not act as an agent or

intermediary in the making of any gift or arrange for the making of any gift from any other person.

22260.7. (a) If, after investigation, it is determined by the Secretary of State that any Property Tax Agent fails to comply with, or is in violation of, this chapter, the Secretary of State shall send the Property Tax Agent a written notice of Property Tax Agent noncompliance or violation.

(b) Any person may file a complaint with the Secretary of State that any Property Tax Agent has not complied with, or has violated this, chapter.

(c) The Secretary of State shall have the discretion to pursue civil penalties for noncompliance with, or violation of, this chapter. The Secretary of State shall be designated as the enforcement officer for determination and imposition of the civil penalties.

(d) Notwithstanding subdivision (c), a civil penalty shall not be imposed if the first noncompliance with, or violation of this, chapter is cured within 30 days of the date on which the Secretary of State sends written notice of the noncompliance with, or violation of, this chapter to the Property Tax Agent.

(e) Any noncompliance with, or violation of, this chapter is punishable by a civil penalty not to exceed one thousand five hundred dollars ($1,500).

(f) The civil penalty may be imposed by the Secretary of State if a hearing is not requested pursuant to Section 22260.9. If a hearing is requested, the hearing officer shall make the determination.

(g) Any civil penalties collected pursuant to this section shall be transferred to the General Fund.

22260.8. (a) Notwithstanding any other provision of this chapter, if, after investigation, it is determined by the Secretary of State that any Property Tax Agent, subsequent to his or her registration, is ineligible to renew his or her registration or is unable to provide services as a Property Tax Agent due to any of the reasons specified in subdivision (e) of Section 22260.1, the Secretary of State shall send the Property Tax Agent a written notice of intent to revoke that Property Tax Agent's registration within 30 days of the issuance of the notice of intent to revoke.

(b) Any person may file a complaint with the Secretary of State that any Property Tax Agent has violated subdivision (e) of Section 22260.1.

(c) The Secretary of State shall have the discretion to revoke any Property Tax Agent's registration if a Property Tax Agent is ineligible to renew his or her registration or is unable to provide services as a Property Tax Agent due to any of the reasons specified in subdivision (e) of Section 22260.1. The Secretary of State shall be designated as the enforcement officer for determination of revocation of a Property Tax Agent's registration.

(d) The registration may be revoked by the Secretary of State if a hearing is not requested pursuant to Section 22260.9. If a hearing is requested, the hearing officer shall make the determination.

22260.9. (a) Prior to the imposition of a civil penalty pursuant to Section 22260.7 or the revocation of a registration pursuant to Section 22260.8, the person affected shall have a right to a hearing on the matter. The request for a hearing shall be submitted in writing within 15 days of the issuance of the notice of noncompliance or violation or the notice of intent to revoke.

(b) The hearing shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

22260.10. Subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code), the Secretary of State may develop rules and regulations for the administration of this chapter.

22260.11. The provisions of this chapter shall preempt and supersede all local ordinances regarding the registration of any individual who communicates directly or indirectly with any county official for the purpose of influencing official action regarding a property tax assessment.

~~SECTION 1. Chapter 5.10 (commencing with Section 25499) is added to Division 15 of the Public Resources Code, to read:~~

~~CHAPTER 5.10. ELECTRIC VEHICLE CHARGING STATIONS~~

~~25499. For the purposes of this chapter, "eligible entity" means a city, county, or city and county.~~

~~25499.1. (a) The commission shall develop and administer an electric vehicle charging station matching grant program to provide matching grants to eligible entities for the installation of electric vehicle charging stations at public on-street parking locations.~~

~~(b) To be eligible for financial assistance, an eligible entity shall demonstrate it has allocated funds or has identified private sector funding to pay for the installation of the electric vehicle charging station.~~

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CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
AB 2720

Subject:	State agencies: meetings: record of action taken	**Author:**	Ting
Version:	April 2, 2014	**Sponsor:**	Author
Status:	Assembly Governmental Organization		

Summary
Assembly Bill (AB) 2720 requires a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action. Staff will be recommending a Support position on the bill.

Background
The Bagley-Keene Open Meeting Act requires meetings of a state body to be open and public and all persons be permitted to attend. It also defines various terms, including "action taken," which is defined as "a collective decision made by the members of a state body, a collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action."

AB 2720 would require state bodies to publicly report any action taken and the vote or abstention on that action of each member present for the action.

Analysis
Pursuant to Business and Professions Code section 5017.1, the California Board of Accountancy (CBA) keeps minutes which are publically posted on the CBA website. As a normal part of keeping those minutes, the CBA already complies with this proposed legislation. If this bill were to become law, it would not affect how the CBA does business.

This bill would increase transparency throughout state government.

Fiscal Estimate
None.

Recommendation
Staff recommend that the CBA adopt a Support position on AB 2720.

Support/Opposition
Support: None at this time

Opposition: None at this time

Effective/Operative Date
January 1, 2015

Related Bills
None

Attachment
AB 2720

AMENDED IN ASSEMBLY APRIL 2, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL No. 2720

Introduced by Assembly Member Ting

February 21, 2014

An act to amend Section ~~11122~~ *11123* of the Government Code, relating to public meetings.

LEGISLATIVE COUNSEL'S DIGEST

AB 2720, as amended, Ting. State agencies: meetings: record of action taken.

The Bagley-Keene Open Meeting Act requires, with specified exceptions, that all meetings of a state body, as defined, be open and public and all persons be permitted to attend any meeting of a state body. The act defines various terms for its purposes, including "action taken," which means a collective decision made by the members of a state body, a collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order, or similar action.

This bill would~~, if the action taken by the members of a state body is a recorded vote, require that the vote be counted and identified in the minutes of the state body~~ *require a state body to publicly report any action taken and the vote or abstention on that action of each member present for the action*.

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

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

SECTION 1. Section 11123 of the Government Code is amended to read:

11123. (a) All meetings of a state body shall be open and public and all persons shall be permitted to attend any meeting of a state body except as otherwise provided in this article.

(b) (1) This article does not prohibit a state body from holding an open or closed meeting by teleconference for the benefit of the public and state body. The meeting or proceeding held by teleconference shall otherwise comply with all applicable requirements or laws relating to a specific type of meeting or proceeding, including the following:

(A) The teleconferencing meeting shall comply with all requirements of this article applicable to other meetings.

(B) The portion of the teleconferenced meeting that is required to be open to the public shall be audible to the public at the location specified in the notice of the meeting.

(C) If the state body elects to conduct a meeting or proceeding by teleconference, it shall post agendas at all teleconference locations and conduct teleconference meetings in a manner that protects the rights of any party or member of the public appearing before the state body. Each teleconference location shall be identified in the notice and agenda of the meeting or proceeding, and each teleconference location shall be accessible to the public. The agenda shall provide an opportunity for members of the public to address the state body directly pursuant to Section 11125.7 at each teleconference location.

(D) All votes taken during a teleconferenced meeting shall be by rollcall.

(E) The portion of the teleconferenced meeting that is closed to the public may not include the consideration of any agenda item being heard pursuant to Section 11125.5.

(F) At least one member of the state body shall be physically present at the location specified in the notice of the meeting.

(2) For the purposes of this subdivision, “teleconference” means a meeting of a state body, the members of which are at different locations, connected by electronic means, through either audio or both audio and video. This section does not prohibit a state body from providing members of the public with additional locations

in which the public may observe or address the state body by electronic means, through either audio or both audio and video.

(3) The state body shall publicly report any action taken and the vote or abstention on that action of each member present for the action.

~~SECTION 1. Section 11122 of the Government Code is amended to read:~~

~~11122. As used in this article "action taken" means a collective decision made by the members of a state body, a collective commitment or promise by the members of the state body to make a positive or negative decision, or an actual vote by the members of a state body when sitting as a body or entity upon a motion, proposal, resolution, order or similar action. If the action taken by the members of a state body is a recorded vote, the vote shall be counted and identified in the minutes of the state body.~~

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CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 1091

Subject:	California Regulatory Notice Register: proposed rulemaking activities	**Author:**	Galgiani
Version:	February 19, 2014	**Sponsor:**	California Association of Realtors
Status:	Senate Appropriations		

Summary
Senate Bill (SB) 1091 would require state agencies to publish notice of "pre-rulemaking" activities in the *California Regulatory Notice Register* (Register). Staff will be recommending a Watch position on the bill.

Background
Current law requires all state agencies to provide public notice of proposed action at least 45 days prior to a hearing and close of public comment period on the adoption, amendment, or repeal of a regulation.

This bill would require state agencies to provide advance notice of meetings regarding rulemakings prior to publication of the notice of proposed action in the Register. The new notice must be published in the Register at least 15 days in advance of the meeting.

A similar bill (SB 176) was discussed at the CBA's May 2013 meeting. The CBA took a Watch position at that time. Just days after the CBA took that position, the bill was gutted and amended, requiring state agencies to involve affected parties in regulatory discussions, which the CBA subsequently Supported.

Analysis
This bill would require the CBA to publically notice any meetings on a regulatory topic it conducts prior to issuing the notice of proposed action. The CBA presently holds all of its meetings under the Bagley-Keene Open Meeting Act which requires a ten day public notice and agenda. Publishing this new notice in the Register adds an extra five days to the ten days required by the Bagley-Keene Open Meeting Act. In practice, the Office of Administrative Law (OAL) would need the agency's notice ten days prior to publication in order to get it published on time. This means that the CBA, and all agencies, would need to have this new notice prepared and provided to OAL 25 days prior to the public meeting.

Fiscal Estimate
The CBA would incur costs associated with preparing the notice and providing it to OAL for publication.

Recommendation
Staff recommend that the CBA adopt a Watch position on SB 1091. This position is consistent with the position the CBA took on a similar bill last year.

Support/Opposition

Support: California Apartment Association
California Association of Realtors
California Building Industry Association
California Business Properties Association
California Business Roundtable
California Chamber of Commerce
California Construction & Industrial Materials Association
California Independent Petroleum Association
California Land and Title Association
California Manufacturers &Technology Association
California Restaurant Association
California Retailers Association
Industrial Environmental Association
National Federation of Independent Business
USANA Health Sciences, Inc.
Western Manufactured Housing Communities Association

Opposition: None at this time

Effective/Operative Date

January 1, 2015

Related Bills

SB 176

Attachment

SB 1091

SENATE BILL No. 1091

Introduced by Senator Galgiani

February 19, 2014

An act to amend Section 11344.1 of, and to add Section 11344.15 to, the Government Code, relating to administrative procedures.

LEGISLATIVE COUNSEL'S DIGEST

SB 1091, as introduced, Galgiani. Administrative procedures: California Regulatory Notice Register: proposed rulemaking activities.

Existing law governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law, including procedures relating to increased public participation in the adoption, amendment, and repeal of these regulations. Existing law requires that an agency mail a notice of proposed action to specified entities at least 45 days prior to the hearing and close of the public comment period on the adoption, amendment, or repeal of a regulation. Existing law requires the office to provide for the publication of the California Regulatory Notice Register and to include specified information in the register, including notices of proposed action prepared by regulatory agencies.

This bill would require each state agency to submit a notice to the office for publication in the California Regulatory Notice Register of any meeting or hearing that occurs prior to the mailing or posting of the notice of proposed action, for which the agency posts on its Internet Web site a public notice of a meeting or hearing, as provided.

This bill would also require the office, before January 1, 2017, to make the California Regulatory Notice Register available in an electronically searchable Internet Web-based format, and to include the ability for interested parties to subscribe to an electronic mail notification subscription to the California Regulatory Notice Register or other

specific notices contained within the California Regulatory Notice Register.

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

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

SECTION 1. Section 11344.1 of the Government Code is amended to read:

11344.1. The office shall do all of the following:

(a) Provide for the publication of the California Regulatory Notice Register, which shall be an official publication of the State of California and which shall contain the following:

(1) Notices of proposed action prepared by regulatory agencies, subject to the notice requirements of this chapter, and which have been approved by the office.

(2) A summary of all regulations filed with the Secretary of State in the previous week.

(3) Summaries of all regulation decisions issued in the previous week detailing the reasons for disapproval of a regulation, the reasons for not filing an emergency regulation, and the reasons for repealing an emergency regulation. The California Regulatory Notice Register shall also include a quarterly index of regulation decisions.

(4) Material that is required to be published under Sections 11349.5, 11349.7, and 11349.9.

(5) Determinations issued pursuant to Section 11340.5.

(6) Materials and notices required to be published under Section 11344.15.

(b) Establish the publication dates and manner and form in which the California Regulatory Notice Register shall be prepared and published and ensure that it is published and distributed in a timely manner to the presiding officer and rules committee of each house of the Legislature and to all subscribers.

(c) Post on its ~~website~~ *Internet Web site*, on a weekly basis:

(1) The California Regulatory Notice Register. Each issue of the California Regulatory Notice Register on the office's ~~website~~ *Internet Web site* shall remain posted for a minimum of 18 months.

(2) One or more Internet links to assist the public to gain access to the text of regulations proposed by state agencies.

(d) Before January 1, 2017, the office shall make the California Regulatory Notice Register available in an electronically searchable Internet-Web based format, and shall include the ability for interested parties to subscribe to an electronic mail notification subscription to the California Regulatory Notice Register or other specific notices contained within the California Regulatory Notice Register.

SEC. 2. Section 11344.15 is added to the Government Code, to read:

11344.15. (a) Each state agency shall submit a notice to the office for publication in the California Regulatory Notice Register of proposed rulemaking activity. For purposes of this section, "proposed rulemaking activity" means any meeting or hearing that occurs prior to the mailing or posting of the notice required pursuant to Sections 11346.4 and 11346.5, for which the agency posts on its Internet Web site a public notice of a meeting or hearing. The notice required pursuant to this section shall appear in the California Regulatory Notice Register at least 15 days prior to the meeting or hearing date.

(b) The notice required by subdivision (a) shall include all of the following:

(1) The name of the state agency organizing the meeting.

(2) The date, time, place, location, and nature of the meeting.

(3) A brief statement identifying each topic under consideration or discussion.

(4) An Internet Web site address for the public meeting notice.

(5) An Internet Web site address to any other information prepared in connection with the meeting.

(c) Proposed rulemaking activity subject to the notice requirement of subdivision (a) shall include the following:

(1) Informational hearings.

(2) Workshops.

(3) Scoping hearings.

(4) Preliminary meetings.

(5) Public and stakeholder outreach meetings.

(d) Failure to publish proposed rulemaking activity shall not invalidate an action taken by a state agency pursuant to Section 11346.4 or 11346.5 if upon the agency's discovery or notification of failure to publish the agency submits the required notice to the office for publication in the California Regulatory Notice Register

that notifies the public of the publication error. If an agency is required to republish a notice pursuant to this subdivision, the agency shall permit public comments related to the unnoticed meeting to be submitted for an additional 15 days, once the agency has posted all relevant meeting materials, presentations, studies, recordings, or minutes of the meeting to its Internet Web site. The notice required by this subdivision shall include the requirements specified in subdivision (b) and include an Internet Web site address for transcript, recording, or minutes of the improperly noticed meeting or hearing.

(e) An intentional failure of the public to delay notice to an agency regarding a known publication oversight constitutes a waiver of the right to object and shall not invalidate a state agency's ability to enact a regulation if both of the following apply:

(1) The public comment period as prescribed in Section 11346.4 has been published in the California Regulatory Notice Register.

(2) The agency has made every reasonable attempt to comply with the procedures set forth in subdivision (d) which would remedy any publication oversight that may have occurred.

(f) Agencies shall not condition consideration of comments received during the period described in Section 11346.4 on attendance of proposed rulemaking activities as described in subdivision (a), and shall consider all issues pertinent to the regulation that may not have been raised during proposed rulemaking activities.

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CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 1159

Subject:	License applicants: federal tax identification number	**Author:**	Lara
Version:	April 7, 2014	**Sponsor:**	Author
Status:	Senate Appropriations		

Summary

Senate Bill (SB) 1159 (**Attachment 1**) would allow a board to accept a federal taxpayer identification number on an application for an initial license or for a renewal in lieu of a social security number (SSN). Staff does not have a recommendation on the bill.

Background

Current law provides that each board under the Department of Consumer Affairs (DCA), as well as the State Bar and Bureau of Real Estate shall, at the time of issuance of the license, require that the licensee provide its federal employer identification number, if the licensee is a partnership, or SSN for all others.

This bill provides that each board under DCA, as well as the State Bar and Bureau of Real Estate shall at the time of issuance of an initial or renewal license require that the applicant provide its federal employer identification number, if the applicant is a partnership, or the applicant's federal taxpayer identification number or SSN, if one has been issued, for all other applicants.

Analysis

Assembly Bill (AB) 1024 of 2013 clarified that all applicants who meet the requirements for admission to the State Bar may be licensed to practice law, regardless of immigration status. On January 2, 2014, the State Supreme Court unanimously ruled to allow for the admission of an applicant for licensure, an undocumented immigrant who passed the bar exam, to the State Bar of California, specifically citing the enactment of AB 1024.

The author of SB 1159 states that Business and Professions Code (BPC) section 30 (the section being amended by SB 1159), which requires a SSN at the time of license application, is inconsistent with these new provisions as undocumented immigrants do not posses a SSN.

The federal taxpayer identification number is a tax processing number only available for certain nonresident and resident aliens, their spouses, and dependents who cannot get a SSN. It is a 9-digit number, beginning with the number "9" and is formatted like a SSN. To obtain a federal taxpayer identification number, an individual must complete an Internal Revenue Service form.

The stated purpose for collecting the SSN, and the federal taxpayer identification number, is to assist in tax collection and child support collection. However, the bill adds a phrase which may undermine this purpose. The phrase, "if one has been issued," would seem to indicate that if an individual does not have a SSN or a federal taxpayer

identification number, they are still eligible for licensure. This would allow anyone who meets California's licensing requirements to obtain a California license.

Due to the nature of this bill, it has already attracted media attention, including an article in the Los Angeles Times (**Attachment 2**).

Fiscal Estimate
Costs to process additional license applications are offset by the additional application, licensure and ongoing renewal fees.

Recommendation
Staff does not have a recommendation on this item.

Support/Opposition
Support: None at this time

Opposition: None at this time

Effective/Operative Date
January 1, 2015

Related Bills
None.

Attachment
1. SB 1159
2. Los Angeles Times Article

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL No. 1159

Introduced by Senator Lara

February 20, 2014

An act to amend Section ~~494~~ *30* of the Business and Professions Code, *and to amend Section 19528 of the Revenue and Taxation Code,* relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1159, as amended, Lara. Professions and vocations: license ~~suspension or restriction.~~ *applicants: federal tax identification number.*

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs, among other ~~entities~~ *licensing bodies*. Existing law ~~authorizes a board or an administrative law judge to, upon petition, issue an interim order suspending a licensee or imposing license restrictions if the petition demonstrates that the licensee has engaged in specified violations of law or has been convicted of a crime related to the licensed activity and permitting the licensee to continue to practice would endanger the public~~ *requires those licensing bodies to require a licensee, at the time of issuance of the license, to provide its federal employer identification number, if the licensee is a partnership, or his or her social security number for all other licensees. Existing law requires those licensing bodies to report to the Franchise Tax Board any licensee who fails to provide the federal employer identification number or social security number, and subjects the licensee to a penalty for failing to provide the information after notification, as specified*.

This bill would ~~make technical, nonsubstantive changes to that provision~~ *require those licensing bodies to require an applicant other*

than a partnership to provide either a federal tax identification number or social security number, if one has been issued to the applicant, and would require the licensing bodies to report to the Franchise Tax Board, and subject a licensee to a penalty, for failure to provide that information, as described above. The bill would make other conforming changes.

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

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

SECTION 1. Section 30 of the Business and Professions Code is amended to read:

30. (a) Notwithstanding any other law, any board, as defined in Section 22, and the State Bar and the Bureau of Real Estate shall at the time of issuance of ~~the~~ *an initial or renewal* license require that the ~~licensee~~ *applicant* provide its federal employer identification number, if the ~~licensee~~ *applicant* is a partnership, or ~~his or her~~ *the applicant's federal taxpayer identification number or* social security number*, if one has been issued,* for all ~~others~~ *other applicants*.

(b) Any ~~licensee~~ *applicant* failing to provide the federal *employer* identification ~~number~~ *number,* or *the federal taxpayer identification number or* social security number*, if one has been issued to the individual,* shall be reported by the licensing board to the Franchise Tax ~~Board and, if failing~~ *Board. If the applicant fails* to provide *that information* after notification pursuant to paragraph (1) of subdivision (b) of Section 19528 of the Revenue and Taxation Code, *the applicant* shall be subject to the penalty provided in paragraph (2) of subdivision (b) of Section 19528 of the Revenue and Taxation Code.

(c) In addition to the penalty specified in subdivision (b), a licensing board ~~may~~ *shall* not process ~~any~~ *an* application for an ~~original~~ *initial* license unless the applicant ~~or licensee~~ provides its federal employer identification number, or *federal taxpayer identification number or* social security number*, if one has been issued to the individual,* where requested on the application.

(d) A licensing board shall, upon request of the Franchise Tax Board, furnish to the Franchise Tax Board the following information with respect to every licensee:

(1) Name.
(2) Address or addresses of record.
(3) Federal employer identification number if the ~~entity~~ *licensee* is a partnership, or *the licensee's federal taxpayer identification number or* social security number, *if one has been issued to the individual*, for all ~~others~~ *other licensees*.
(4) Type of license.
(5) Effective date of license or a renewal.
(6) Expiration date of license.
(7) Whether license is active or inactive, if known.
(8) Whether license is new or a renewal.
(e) For the purposes of this section:
(1) "Licensee" means ~~any~~ *a person or* entity, other than a corporation, authorized by a license, certificate, registration, or other means to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.
(2) "License" includes a certificate, registration, or any other authorization needed to engage in a business or profession regulated by this code or referred to in Section 1000 or 3600.
(3) "Licensing board" means any board, as defined in Section 22, the State Bar, and the Bureau of Real Estate.
(f) The reports required under this section shall be filed on magnetic media or in other machine-readable form, according to standards furnished by the Franchise Tax Board.
(g) Licensing boards shall provide to the Franchise Tax Board the information required by this section at a time that the Franchise Tax Board may require.
(h) Notwithstanding Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code~~, the social security number and~~ *a* federal employer identification number, *federal taxpayer identification number, or social security number* furnished pursuant to this section shall not be deemed to be a public record and shall not be open to the public for inspection.
(i) Any deputy, agent, clerk, officer, or employee of any licensing board described in subdivision (a), or any former officer or employee or other individual who in the course of his or her employment or duty has or has had access to the information required to be furnished under this section, may not disclose or make known in any manner that information, except as provided

in this section to the Franchise Tax Board or as provided in subdivision (k).

(j) It is the intent of the Legislature in enacting this section to utilize the ~~social security account number or~~ federal employer identification number, *federal taxpayer identification number, or social security number* for the purpose of establishing the identification of persons affected by state tax laws and for purposes of compliance with Section 17520 of the Family Code and, to that end, the information furnished pursuant to this section shall be used exclusively for those purposes.

(k) If the board utilizes a national examination to issue a license, and if a reciprocity agreement or comity exists between the State of California and the state requesting release of the *federal taxpayer identification number or* social security number, any deputy, agent, clerk, officer, or employee of any licensing board described in subdivision (a) may release a *federal taxpayer identification number or* social security number to an examination or licensing entity, only for the purpose of verification of licensure or examination status.

(*l*) For the purposes of enforcement of Section 17520 of the Family Code, and notwithstanding any other ~~provision of~~ law, any board, as defined in Section 22, and the State Bar and the Bureau of Real Estate shall at the time of issuance of the license require that each licensee provide the *federal taxpayer identification number or* social security number, *if any has been issued to the licensee,* of each individual listed on the license and any person who qualifies the license. For the purposes of this subdivision, "licensee" means any entity that is issued a license by any board, as defined in Section 22, the State Bar, the Bureau of Real Estate, and the Department of Motor Vehicles.

SEC. 2. Section 19528 of the Revenue and Taxation Code is amended to read:

19528. (a) Notwithstanding any other ~~provision of~~ law, the Franchise Tax Board may require any board, as defined in Section 22 of the Business and Professions Code, and the State Bar, the Bureau of Real Estate, and the Insurance Commissioner (hereinafter referred to as licensing board) to provide to the Franchise Tax Board the following information with respect to every licensee:

(1) Name.

(2) Address or addresses of record.

(3) Federal employer identification number ~~(if the entity is a partnership) or social security number (for all others)~~, *if the licensee is a partnership, or the licensee's federal taxpayer identification number or social security number, if any has been issued, of all other licensees*.

(4) Type of license.

(5) Effective date of license or renewal.

(6) Expiration date of license.

(7) Whether license is active or inactive, if known.

(8) Whether license is new or renewal.

(b) The Franchise Tax Board may do the following:

(1) Send a notice to any licensee failing to provide the *federal employer* identification number, *federal taxpayer identification number,* or social security number as required by subdivision (a) of Section 30 of the Business and Professions Code and subdivision (a) of Section 1666.5 of the Insurance Code, describing the information that was missing, the penalty associated with not providing it, and that failure to provide the information within 30 days will result in the assessment of the penalty.

(2) After 30 days following the issuance of the notice described in paragraph (1), assess a one hundred dollar ($100) penalty, due and payable upon notice and demand, for any licensee failing to provide either its federal employer identification number (if the licensee is a partnership) or his or her social security number (for all others) as required in Section 30 of the Business and Professions Code and Section 1666.5 of the Insurance Code.

(c) Notwithstanding Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code, the information furnished to the Franchise Tax Board pursuant to Section 30 of the Business and Professions Code or Section 1666.5 of the Insurance Code shall not be deemed to be a public record and shall not be open to the public for inspection.

~~SECTION 1. Section 494 of the Business and Professions Code is amended to read:~~

~~494. (a) A board or an administrative law judge sitting alone, as provided in subdivision (h), may, upon petition, issue an interim order suspending a licensee or imposing license restrictions, including, but not limited to, mandatory biological fluid testing, supervision, or remedial training. The petition shall include~~

~~affidavits that demonstrate, to the satisfaction of the board, both of the following:~~

~~(1) The licensee has engaged in acts or omissions constituting a violation of this code or has been convicted of a crime substantially related to the licensed activity.~~

~~(2) Permitting the licensee to continue to engage in the licensed activity, or permitting the licensee to continue in the licensed activity without restrictions, would endanger the public health, safety, or welfare.~~

~~(b) An interim order provided for in this section shall not be issued without notice to the licensee unless it appears from the petition and supporting documents that serious injury would result to the public before the matter could be heard on notice.~~

~~(c) Except as provided in subdivision (b), the licensee shall be given at least 15 days' notice of the hearing on the petition for an interim order. The notice shall include documents submitted to the board in support of the petition. If the order was initially issued without notice as provided in subdivision (b), the licensee shall be entitled to a hearing on the petition within 20 days of the issuance of the interim order without notice. The licensee shall be given notice of the hearing within two days after issuance of the initial interim order, and shall receive all documents in support of the petition. The failure of the board to provide a hearing within 20 days following the issuance of the interim order without notice, unless the licensee waives his or her right to the hearing, shall result in the dissolution of the interim order by operation of law.~~

~~(d) At the hearing on the petition for an interim order, the licensee may do all of the following:~~

~~(1) Be represented by counsel.~~

~~(2) Have a record made of the proceedings, copies of which shall be available to the licensee upon payment of costs computed in accordance with the provisions for transcript costs for judicial review contained in Section 11523 of the Government Code.~~

~~(3) Present affidavits and other documentary evidence.~~

~~(4) Present oral argument.~~

~~(e) The board, or an administrative law judge sitting alone as provided in subdivision (h), shall issue a decision on the petition for interim order within five business days following submission of the matter. The standard of proof required to obtain an interim order pursuant to this section shall be a preponderance of the~~

~~evidence standard. If the interim order was previously issued without notice, the board shall determine whether the order shall remain in effect, be dissolved, or modified.~~

~~(f) The board shall file an accusation within 15 days of the issuance of an interim order. In the case of an interim order issued without notice, the time shall run from the date of the order issued after the noticed hearing. If the licensee files a Notice of Defense, the hearing shall be held within 30 days of the agency's receipt of the Notice of Defense. A decision shall be rendered on the accusation no later than 30 days after submission of the matter. Failure to comply with any of the requirements in this subdivision shall dissolve the interim order by operation of law.~~

~~(g) Interim orders shall be subject to judicial review pursuant to Section 1094.5 of the Code of Civil Procedure and shall be heard only in the superior court in and for the Counties of Sacramento, San Francisco, Los Angeles, or San Diego. The review of an interim order shall be limited to a determination of whether the board abused its discretion in the issuance of the interim order. Abuse of discretion is established if the respondent board has not proceeded in the manner required by law, or if the court determines that the interim order is not supported by substantial evidence in light of the whole record.~~

~~(h) The board may, in its sole discretion, delegate the hearing on a petition for an interim order to an administrative law judge in the Office of Administrative Hearings. If the board hears the noticed petition itself, an administrative law judge shall preside at the hearing, rule on the admission and exclusion of evidence, and advise the board on matters of law. The board shall exercise all other powers relating to the conduct of the hearing but may delegate any or all of them to the administrative law judge. When the petition has been delegated to an administrative law judge, he or she shall sit alone and exercise all of the powers of the board relating to the conduct of the hearing. A decision issued by an administrative law judge sitting alone shall be final when it is filed with the board. If the administrative law judge issues an interim order without notice, he or she shall preside at the noticed hearing, unless unavailable, in which case another administrative law judge may hear the matter. The decision of the administrative law judge sitting alone on the petition for an interim order is final, subject only to judicial review in accordance with subdivision (g).~~

~~(i) Failure to comply with an interim order issued pursuant to subdivision (a) or (b) shall constitute a separate cause for disciplinary action against a licensee, and may be heard at, and as a part of, the noticed hearing provided for in subdivision (f). Allegations of noncompliance with the interim order may be filed at any time prior to the rendering of a decision on the accusation. Violation of the interim order is established upon proof that the licensee was on notice of the interim order and its terms, and that the order was in effect at the time of the violation. The finding of a violation of an interim order made at the hearing on the accusation shall be reviewed as a part of any review of a final decision of the agency.~~

~~If the interim order issued by the agency provides for anything less than a complete suspension of the licensee from his or her business or profession, and the licensee violates the interim order prior to the hearing on the accusation provided for in subdivision (f), the agency may, upon notice to the licensee and proof of violation, modify or expand the interim order.~~

~~(j) A plea or verdict of guilty or a conviction after a plea of nolo contendere is deemed to be a conviction within the meaning of this section. A certified record of the conviction shall be conclusive evidence of the fact that the conviction occurred. A board may take action under this section notwithstanding the fact that an appeal of the conviction may be taken.~~

~~(k) The interim orders provided for by this section shall be in addition to, and not a limitation on, the authority to seek injunctive relief provided in any other provision of law.~~

~~(*l*) In the case of a board, a petition for an interim order may be filed by the executive officer. In the case of a bureau or program, a petition may be filed by the chief or program administrator, as the case may be.~~

~~(m) "Board," as used in this section, shall include any agency described in Section 22, and any allied health agency within the jurisdiction of the Medical Board of California. Board shall also include the Osteopathic Medical Board of California and the State Board of Chiropractic Examiners. The provisions of this section shall not apply to the Medical Board of California, the Board of Podiatric Medicine, or the State Athletic Commission.~~

O

California bill would ease professional licensing rules for immigrants

State Sen. Ricardo Lara said his proposal is simply an extension of other measures enacted in recent years that provide immigrants in the country illegally with driver's licenses, lower college tuition and access to public financial aid and private funds held by the state universities. (Katie Falkenberg / Los Angeles Times)

By PATRICK MCGREEVY

MAY 11, 2014, 8:06 PM | REPORTING FROM SACRAMENTO

Denisse Rojas earned a biology degree from UC Berkeley and has set her sights on medical school. But one big obstacle stands in her way.

To practice medicine in California, doctors must obtain a license from the state, and applicants are required to provide a Social Security number as proof of identity.

Rojas, 25, does not have such a number. She is in the United States illegally, having been smuggled into the country from Mexico by her parents when she was 6 months old.

But a group of legislators wants to help her — to do for doctors, dentists, nurses, barbers, security guards and many others what they did last year for attorneys: grant those in the country illegally

permission to practice their occupations.

The San Francisco resident said she was able to receive financial aid from the state under California's Dream Act for her last semester of college, so it follows that the state should allow her to use her degree.

"We believe that by removing the barrier that we face in obtaining professional licensing, we will be able to reach our full potential," Rojas told lawmakers at a recent legislative hearing.

California leads the nation in efforts to integrate immigrants living here illegally into mainstream society, providing them with driver's licenses, college scholarships and protection from deportation for minor crimes. The new legislation could go much further in affecting the lives of those in the shadows, supporters say, because it targets work and would afford them upward mobility. The state's workforce includes 1.85 million people in the country illegally, according to an estimate by the Public Policy Institute of California.

The proposal, predictably, has divided Republican lawmakers in California and sparked an outcry of opposition from national conservative groups that want tougher enforcement of existing laws against illegal immigration.

"It's insane," said William Gheen, president of Americans for Legal Immigration Political Action Committee. "By granting licenses to illegal immigrants you both aid and abet illegal immigration, which is a violation of federal law, and you are sending a message to the rest of planet Earth that says, 'Come on!'"

A bill by Sen. Ricardo Lara (D-Bell Gardens) would ease the licensing process for psychologists and pharmacists, in addition to other healthcare professionals, and for about two dozen other occupations including real estate agents and security guards. The measure passed the state Senate on Thursday.

SB 1159 would allow about 40 state boards to accept a federal taxpayer identification number as proof of identification in lieu of a Social Security number.

Lara, whose parents were at one time in the country illegally, said his proposal is simply an extension of other measures enacted in recent years that provide such immigrants with driver's licenses, lower college tuition and access to public financial aid and private funds held by the state universities.

His measure would ensure that "more Californians have an effective means of economic mobility and self-sufficiency," Lara said.

A similar argument was made last year, when a divided Legislature approved a bill, later signed by Brown, that allowed any immigrant to practice law if certified by the State Bar. Fifteen Republican Assembly members either voted against the bill or abstained.

Introduced in an election year when Latino voters are expected to play a significant role at the polls, the bill is a thorny issue for the GOP, which traditionally has called for stricter enforcement of immigration laws.

Lara's bill passed with support from seven Republicans. Five GOP members abstained.

A spokesman for the Republican caucus said there was concern about the cost of such a change.

Tax authorities would "not always be able to correctly identify licensees to ensure proper collection of taxes associated with the licensee's practice of profession," said spokesman Peter DeMarco.

Outside of the Legislature, conservative activists are keeping the pressure on Republicans to oppose any easing of existing laws.

"California is doing everything in its power to blur any distinction between those who are legally present and those who are not," said Ira Mehlman, spokesman for the Federation of American Immigration Reform, a Washington-based group that champions enforcement of current laws.

His group is a nonprofit prevented from weighing in on political campaigns. But Mehlman said the group sends its 250,000 members alerts on bills of concern and plans one on Lara's measure.

Gheen said his PAC, with 50,000 members, endorses candidates who share the organization's views on immigration.

Rojas, a double major with degrees in integrative biology and sociology, hopes the politicians listen to her and the 250 other members of a group called Pre-Health Dreamers, made up of immigrants residing in the country illegally who want to work in the healthcare industry.

"I am going to continue pursuing my dreams," said Rojas, whose family now lives in Canada. "If it comes to a point where I can't practice medicine in the United States ... I will practice outside of the country if I have to."

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CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 1258

Subject:	Controlled substances: prescriptions	**Author:**	DeSaulnier
Version:	April 23, 2014	**Sponsor:**	Author
Status:	Assembly Appropriations		

Summary
In addition to many other provisions, Senate Bill (SB) 1258 would allow a person designated by a board to investigate a licensee to apply for and obtain access to information in the Controlled Substance Utilization Review and Evaluation System (CURES). Staff will be recommending a modified Support position on the bill.

Background
CURES is a system that electronically monitors the prescription, dispensing, and ultimate user of Schedule II, III, and IV controlled substances. This bill would add Schedule V controlled substances to CURES. Drugs are classified into five categories generally based on the drug's abuse or dependency potential. Schedule I drugs (including heroine, LSD and marijuana) are considered the most dangerous class of drugs with a high potential for abuse or dependence. As they have no accepted medical use, they are excluded from CURES. Schedule V drugs (including cough syrup with small amounts of codeine) represent the least potential for abuse or dependence.

Along with many other provisions that are not relevant to the CBA, this bill would allow an individual who has been designated by the CBA to investigate a licensee to apply for and obtain access to CURES when necessary and with probable cause.

Analysis
This bill would allow the CBA to access CURES, when necessary and with probable cause, to determine if there are any patterns of medication being dispensed for the use of a licensee that may be cause for concern. This provides the CBA with an additional enforcement tool to assist the CBA in its mission of consumer protection. Many of the Department of Consumer Affairs' health related boards are already authorized by law to access CURES for enforcement.

The relevant provision in the bill can be found beginning on line 4 of page 11 of the bill.

Fiscal Estimate
None.

Recommendation
Staff recommend that the CBA adopt a modified Support position on SB 1258. Due to the length, complexity, and irrelevancy of the majority of the bill to the CBA, staff are recommending that the CBA's position letter specify that its support is only for allowing the CBA access to CURES (Section 11165.1(a)(1)(A)(iii) of the Health and Safety Code) and not for the bill as a whole.

Support/Opposition

Support: California Statewide Law Enforcement Association
California Narcotic Officers Association
California Police Chiefs Association
National Coalition Against Prescription Drug Abuse
Troy and Alana Pack Foundation

Opposition: American Civil Liberties Union (Unless Amended)
Association of Northern California Oncologists
California Hospital Association
California Medical Association
Medical Oncology Association of Southern California

Effective/Operative Date

January 1, 2015

Related Bills

None

Attachment

SB 1258

AMENDED IN SENATE APRIL 23, 2014

AMENDED IN SENATE MARCH 25, 2014

SENATE BILL No. 1258

Introduced by Senator DeSaulnier

February 21, 2014

An act to amend Sections 4071 and 4072 of the Business and Professions Code, and to amend Sections 11151, 11158, 11164, 11164.1, 11164.5, 11165, 11165.1, 11165.5, 11166, and 11200 of the Health and Safety Code, relating to controlled substances.

LEGISLATIVE COUNSEL'S DIGEST

SB 1258, as amended, DeSaulnier. Controlled substances: prescriptions: reporting.

(1) Existing law classifies certain controlled substances into designated schedules. Existing law requires the Department of Justice to maintain the Controlled Substance Utilization Review and Evaluation System (CURES) for the electronic monitoring of the prescribing and dispensing of Schedule II, Schedule III, and Schedule IV controlled substances by all practitioners authorized to prescribe or dispense these controlled substances. Existing law requires specified information regarding prescriptions for Schedule II, Schedule III, and Schedule IV controlled substances, including the ultimate user of the prescribed controlled substance and the National Drug ~~Control~~ *Code* number of the controlled substance dispensed, to be reported to the Department of Justice.

This bill would additionally require the prescribing and dispensing of Schedule V controlled substances to be monitored in CURES and would require specified information regarding prescriptions for Schedule V controlled substances to be reported to the Department of Justice.

(2) Existing law requires licensed health care practitioners, as specified, and pharmacists to apply to the Department of Justice to obtain approval to access information contained in the CURES Prescription Drug Monitoring ~~System~~ *Program* (PDMP) regarding the controlled substance history of a patient under his or her care. Existing law requires the Department of Justice, upon approval of that application, to provide to that health care practitioner or pharmacist the history of controlled substances dispensed to an individual under his or her care.

This bill would also authorize an individual designated to investigate ~~an applicant for, or~~ a holder ~~of,~~ *of* a professional license to apply to the Department of Justice to obtain approval to access information contained in the CURES PDMP regarding the controlled substance history of ~~an applicant or~~ a licensee for the purpose of investigating the alleged substance abuse of ~~an applicant or~~ a licensee. The bill would, upon approval of that application, require the department to provide to that individual the history of controlled substances dispensed to the applicant or licensee.

(3) Existing law generally requires, subject to specified exceptions, that a prescription for Schedule II, Schedule III, Schedule IV, or Schedule V controlled substances be made on a certain controlled substance prescription form and meet several requirements, including that the prescription be signed and dated by the prescriber in ink. Existing law authorizes, as an exception to that requirement, a Schedule III, Schedule IV, or Schedule V controlled substance to be dispensed upon an oral or electronically transmitted prescription, which must be produced in hard copy form and signed and dated by the pharmacist filling the prescription or another authorized person.

This bill would instead require, subject to specified exceptions, *commencing January 1, 2016,* that a prescription for a controlled substance be made by an electronically transmitted prescription that complies with regulations promulgated by the Drug Enforcement Agency, which, except as specified, must be produced in hard copy form and signed and dated by the pharmacist filling the prescription or another authorized person. *The bill would provide that those requirements apply to medical practices with 2 or fewer physicians and medical providers in underserved rural areas commencing January 1, 2017.*

(4) Existing law prohibits a prescription for a Schedule II controlled substance from being refilled and prohibits a prescription for a Schedule

III or IV controlled substance from being refilled more than 5 times and in an amount, for all refills of that prescription taken together, exceeding a 120-day supply.

This bill would prohibit, subject to specified exceptions, a person from prescribing a controlled substance, or filling, compounding, or dispensing a prescription for a controlled substance, in a quantity exceeding a ~~30 day~~ *30-day* supply. The bill would also prohibit a person from issuing a prescription for a controlled substance, or from filling, compounding, or dispensing a prescription for a controlled substance, for an ultimate user for whom a previous prescription for ~~a~~ *that* controlled substance was issued within the immediately preceding 30 days until the ultimate user has exhausted all but a 7-day supply of ~~the~~ *that* controlled substance filled, compounded, or dispensed from the previous prescription.

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

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

SECTION 1. Section 4071 of the Business and Professions Code is amended to read:

4071. Notwithstanding any other ~~provision of~~ law, a prescriber may authorize his or her agent on his or her behalf to orally or electronically transmit a prescription to the furnisher. The furnisher shall make a reasonable effort to determine whether the person who transmits the prescription is authorized to do so and shall record the name of the authorized agent of the prescriber who transmits the order.

SEC. 2. Section 4072 of the Business and Professions Code is amended to read:

4072. (a) Notwithstanding any other law, a pharmacist, registered nurse, licensed vocational nurse, licensed psychiatric technician, or other healing arts licentiate, if so authorized by administrative regulation, who is employed by or serves as a consultant for a licensed skilled nursing, intermediate care, or other health care facility, may orally or electronically transmit to the furnisher a prescription lawfully ordered by a person authorized to prescribe drugs or devices pursuant to Sections 4040 and 4070. The furnisher shall take appropriate steps to determine whether the person who transmits the prescription is authorized to do so

and shall record the name of the person who transmits the order. This section does not apply to oral orders for Schedule II controlled substances.

(b) In enacting this section, the Legislature recognizes and affirms the role of the State Department of Public Health in regulating drug order processing requirements for licensed health care facilities as set forth in Title 22 of the California Code of Regulations as they may be amended from time to time.

SEC. 3. Section 11151 of the Health and Safety Code is amended to read:

11151. A prescription issued by an unlicensed person lawfully practicing medicine pursuant to Section 2065 of the Business and Professions Code, shall be filled only at a pharmacy maintained in the hospital which employs ~~such~~ *that* unlicensed person.

SEC. 4. Section 11158 of the Health and Safety Code is amended to read:

11158. (a) Except as provided in Section 11159, 11159.1, 11159.2, 11167, or 11167.5, or in subdivision (b) of this section, a controlled substance classified in Schedule II shall not be dispensed without a prescription meeting the requirements of this chapter. Except as provided in Section 11159, 11159.1, 11159.2, 11167, or 11167.5, or when dispensed directly to an ultimate user by a practitioner, other than a pharmacist or pharmacy, a controlled substance classified in Schedule III, IV, or V shall not be dispensed without a prescription meeting the requirements of this chapter.

(b) A practitioner specified in Section 11150 may dispense directly to an ultimate user a controlled substance classified in Schedule II in an amount not to exceed a 72-hour supply for the patient in accordance with directions for use given by the dispensing practitioner only if the patient is not expected to require any additional amount of the controlled substance beyond the 72 hours.

(c) Except as otherwise prohibited or limited by law, a practitioner specified in Section 11150, may administer controlled substances in the regular practice of his or her profession.

SEC. 5. Section 11164 of the Health and Safety Code is amended to read:

11164. Except as provided in Section 11158, 11159, 11159.1, 11159.2, 11167, or 11167.5, a person shall not prescribe a controlled substance, nor shall any person fill, compound, or

dispense a prescription for a controlled substance, unless it complies with the requirements of this section.

(a) (1) ~~A~~ *(A) Except as provided in subparagraph (B), commencing January 1, 2016, a* prescription for a controlled substance classified in Schedule II, III, IV, or V shall be made by an electronically transmitted prescription that complies with regulations promulgated by the *United States* Drug Enforcement ~~Agency~~ *Administration*, which shall be produced in hard copy form and signed and dated by the pharmacist filling the prescription or by any other person expressly authorized by provisions of the Business and Professions Code. Any person who transmits, maintains, or receives any electronically transmitted prescription shall ensure the security, integrity, authority, and confidentiality of the prescription.

(B) For medical practices with two or fewer physicians, and for medical providers in underserved rural areas, the requirements in subparagraph (A) shall apply commencing January 1, 2017.

(2) A prescription issued pursuant to this subdivision shall meet the following requirements:

(A) The prescription shall contain the prescriber's address and telephone number; the name of the ultimate user or research subject, or contact information as determined by the Secretary of the United States Department of Health and Human Services; refill information, such as the number of refills ordered and whether the prescription is a first-time request or a refill; and the name, quantity, strength, and directions for use of the controlled substance prescribed.

(B) The prescription shall contain the address of the person for whom the controlled substance is prescribed. If the prescriber does not specify this address on the prescription, the pharmacist filling the prescription or an employee acting under the direction of the pharmacist shall include the address on the prescription or maintain this information in a readily retrievable form in the pharmacy.

(3) Pursuant to an authorization of the prescriber, an agent of the prescriber on behalf of the prescriber may electronically transmit a prescription for a controlled substance classified in Schedule II, III, IV, or V, if the prescription specifies the name of the agent of the prescriber transmitting the prescription.

(b) (1) A prescription for a controlled substance classified in Schedule II, III, IV, or V, may be written on a controlled substance

prescription form as specified in Section 11162.1, or for a controlled substance classified in Schedule III, IV, or V, may be made orally, if technological failure prevents the electronic transmission of a prescription pursuant to subdivision (a) or if the prescription will be filled by a pharmacist located outside of California, provided that the order contains all information required by subdivision (a) and, if the prescription is written on a controlled substance prescription form, is signed and dated by the prescriber in ink.

(2) If a prescriber is permitted to make an oral prescription pursuant to this section, pursuant to an authorization of the prescriber, an agent of the prescriber on behalf of the prescriber may orally transmit a prescription for a controlled substance classified in Schedule II, III, IV, or V, if the written record of the prescription specifies the name of the agent of the prescriber transmitting the prescription.

(c) The use of commonly used abbreviations shall not invalidate an otherwise valid prescription.

(d) Notwithstanding any provision of subdivisions (a) and (b), prescriptions for a controlled substance classified in Schedule V may be for more than one person in the same family with the same medical need.

SEC. 6. Section 11164.1 of the Health and Safety Code is amended to read:

11164.1. (a) (1) Notwithstanding any other law, a prescription for a controlled substance issued by a prescriber in another state for delivery to a patient in another state may be dispensed by a California pharmacy, if the prescription conforms with the requirements for controlled substance prescriptions in the state in which the controlled substance was prescribed.

(2) All prescriptions for Schedule II, Schedule III, Schedule IV, and Schedule V controlled substances dispensed pursuant to this subdivision shall be reported by the dispensing pharmacy to the Department of Justice in the manner prescribed by subdivision (d) of Section 11165.

(b) Pharmacies may dispense prescriptions for Schedule III, Schedule IV, and Schedule V controlled substances from out-of-state prescribers pursuant to Section 4005 of the Business and Professions Code and Section 1717 of Title 16 of the California Code of Regulations.

SEC. 7. Section 11164.5 of the Health and Safety Code is amended to read:

11164.5. (a) A pharmacy or hospital shall receive electronic data transmission prescriptions or computer entry prescriptions or orders as specified in Section 4071.1 of the Business and Professions Code, for controlled substances in Schedule II, III, IV, or V in accordance with regulations promulgated by the *United States* Drug Enforcement Administration.

(b) Notwithstanding paragraph (1) of subdivision (a) of Section 11164, a pharmacy or hospital receiving an electronic transmission prescription or a computer entry prescription or order for a controlled substance classified in Schedule II, III, IV, or V is not required to reduce that prescription or order to writing or to hard copy form, if for three years from the last day of dispensing that prescription, the pharmacy or hospital is able, upon request of the board or the Department of Justice, to immediately produce a hard copy report that includes for each date of dispensing of a controlled substance in Schedules II, III, IV, and V pursuant to the prescription all of the information described in subparagraphs (A) to (E), inclusive, of paragraph (1) of subdivision (a) of Section 4040 of the Business and Professions Code and the name or identifier of the pharmacist who dispensed the controlled substance.

(c) If only recorded and stored electronically, on magnetic media, or in any other computerized form, the pharmacy's or hospital's computer system shall not permit the received information or the controlled substance dispensing information required by this section to be changed, obliterated, destroyed, or disposed of, for the record maintenance period required by law, once the information has been received by the pharmacy or the hospital and once the controlled substance has been dispensed, respectively. Once the controlled substance has been dispensed, if the previously created record is determined to be incorrect, a correcting addition may be made only by or with the approval of a pharmacist. After a pharmacist enters the change or enters his or her approval of the change into the computer, the resulting record shall include the correcting addition and the date it was made to the record, the identity of the person or pharmacist making the correction, and the identity of the pharmacist approving the correction.

(d) Nothing in this section shall be construed to exempt any pharmacy or hospital dispensing Schedule II controlled substances pursuant to electronic transmission prescriptions from existing reporting requirements.

SEC. 8. Section 11165 of the Health and Safety Code is amended to read:

11165. (a) To assist health care practitioners in their efforts to ensure appropriate prescribing, ordering, administering, furnishing, and dispensing of controlled substances, law enforcement and regulatory agencies in their efforts to control the diversion and resultant abuse of Schedule II, Schedule III, Schedule IV, and Schedule V controlled substances, and for statistical analysis, education, and research, the Department of Justice shall, contingent upon the availability of adequate funds in the CURES Fund, maintain the Controlled Substance Utilization Review and Evaluation System (CURES) for the electronic monitoring of, and Internet access to information regarding, the prescribing and dispensing of Schedule II, Schedule III, Schedule IV, and Schedule V controlled substances by all practitioners authorized to prescribe, order, administer, furnish, or dispense these controlled substances.

(b) The Department of Justice may seek and use grant funds to pay the costs incurred by the operation and maintenance of CURES. The department shall annually report to the Legislature and make available to the public the amount and source of funds it receives for the support of CURES.

(c) (1) The operation of CURES shall comply with all applicable federal and state privacy and security laws and regulations.

(2) CURES shall operate under existing law to safeguard the privacy and confidentiality of patients. Data obtained from CURES shall only be provided to appropriate state, local, and federal public agencies for disciplinary, civil, or criminal purposes and to other agencies or entities, as determined by the Department of Justice, for the purpose of educating practitioners and others in lieu of disciplinary, civil, or criminal actions. Data may be provided to public or private entities, as approved by the Department of Justice, for educational, peer review, statistical, or research purposes, provided that patient information, including any information that may identify the patient, is not compromised. Further, data disclosed to an individual or agency as described in this subdivision

shall not be disclosed, sold, or transferred to a third party. The Department of Justice shall establish policies, procedures, and regulations regarding the use, access, evaluation, management, implementation, operation, storage, disclosure, and security of the information within CURES, consistent with this subdivision.

(d) For each prescription for a Schedule II, Schedule III, Schedule IV, or Schedule V controlled substance, as defined in the controlled substances schedules in federal law and regulations, specifically Sections 1308.12, 1308.13, 1308.14, and 1308.15, respectively, of Title 21 of the Code of Federal Regulations, the dispensing pharmacy, clinic, or other dispenser shall report the following information to the Department of Justice as soon as reasonably possible, but not more than seven days after the date a controlled substance is dispensed, in a format specified by the Department of Justice:

(1) Full name, address, and, if available, telephone number of the ultimate user or research subject, or contact information as determined by the Secretary of the United States Department of Health and Human Services, and the gender, and date of birth of the ultimate user.

(2) The prescriber's category of licensure, license number, ~~national provider identifier~~ *National Provider Identifier* (NPI) number, if applicable, the federal controlled substance registration number, and the state medical license number of any prescriber using the federal controlled substance registration number of a government-exempt facility.

(3) Pharmacy prescription number, license number, NPI number, and federal controlled substance registration number.

(4) National Drug Code (NDC) number of the controlled substance dispensed.

(5) Quantity of the controlled substance dispensed.

(6) International Statistical Classification of Diseases, 9th revision (ICD-9) or 10th revision (ICD-10) Code, if available.

(7) Number of refills ordered.

(8) Whether the drug was dispensed as a refill of a prescription or as a first-time request.

(9) Date of origin of the prescription.

(10) Date of dispensing of the prescription.

(e) The Department of Justice may invite stakeholders to assist, advise, and make recommendations on the establishment of rules

and regulations necessary to ensure the proper administration and enforcement of the CURES database. All prescriber and dispenser invitees shall be licensed by one of the boards or committees identified in subdivision (d) of Section 208 of the Business and Professions Code, in active practice in California, and a regular user of CURES.

(f) The Department of Justice shall, prior to upgrading CURES, consult with prescribers licensed by one of the boards or committees identified in subdivision (d) of Section 208 of the Business and Professions Code, one or more of the boards or committees identified in subdivision (d) of Section 208 of the Business and Professions Code, and any other stakeholder identified by the department, for the purpose of identifying desirable capabilities and upgrades to the CURES Prescription Drug Monitoring Program (PDMP).

(g) The Department of Justice may establish a process to educate authorized subscribers of the CURES PDMP on how to access and use the CURES PDMP.

SEC. 9. Section 11165.1 of the Health and Safety Code is amended to read:

11165.1. (a) (1) (A) (i) A health care practitioner authorized to prescribe, order, administer, furnish, or dispense Schedule II, Schedule III, Schedule IV, or Schedule V controlled substances pursuant to Section 11150 shall, before January 1, 2016, or upon receipt of a federal Drug Enforcement Administration (DEA) registration, whichever occurs later, submit an application developed by the Department of Justice to obtain approval to access information online regarding the controlled substance history of a patient that is stored on the Internet and maintained within the Department of Justice, and, upon approval, the department shall release to that practitioner the electronic history of controlled substances dispensed to an individual under his or her care based on data contained in the CURES Prescription Drug Monitoring Program (PDMP).

(ii) A pharmacist shall, before January 1, 2016, or upon licensure, whichever occurs later, submit an application developed by the Department of Justice to obtain approval to access information online regarding the controlled substance history of a patient that is stored on the Internet and maintained within the Department of Justice, and, upon approval, the department shall

release to that pharmacist the electronic history of controlled substances dispensed to an individual under his or her care based on data contained in the CURES PDMP.

(iii) An individual designated by a board, bureau, or program within the Department of Consumer Affairs to investigate ~~an applicant for, or~~ a holder of~~,~~ a professional license may, for the purpose of investigating the alleged substance abuse of ~~an applicant or~~ a licensee, submit an application developed by the Department of Justice to obtain approval to access information online regarding the controlled substance history of ~~an applicant or~~ a licensee that is stored on the Internet and maintained within the Department of Justice, and, upon approval, the department shall release to that individual the electronic history of controlled substances dispensed to the ~~applicant or~~ licensee based on data contained in the CURES PDMP. *The application shall contain facts demonstrating the probable cause to believe the licensee has violated a law governing controlled substances.*

(B) An application may be denied, or a subscriber may be suspended, for reasons which include, but are not limited to, the following:

(i) Materially falsifying an application for a subscriber.

(ii) Failure to maintain effective controls for access to the patient activity report.

(iii) Suspended or revoked federal DEA registration.

(iv) Any subscriber who is arrested for a violation of law governing controlled substances or any other law for which the possession or use of a controlled substance is an element of the crime.

(v) Any subscriber accessing information for any other reason than caring for his or her patients.

(C) Any authorized subscriber shall notify the Department of Justice within 30 days of any changes to the subscriber account.

(2) A health care practitioner authorized to prescribe, order, administer, furnish, or dispense Schedule II, Schedule III, Schedule IV, or Schedule V controlled substances pursuant to Section 11150 or a pharmacist shall be deemed to have complied with paragraph (1) if the licensed health care practitioner or pharmacist has been approved to access the CURES database through the process developed pursuant to subdivision (a) of Section 209 of the Business and Professions Code.

(b) Any request for, or release of, a controlled substance history pursuant to this section shall be made in accordance with guidelines developed by the Department of Justice.

(c) In order to prevent the inappropriate, improper, or illegal use of Schedule II, Schedule III, Schedule IV, or Schedule V controlled substances, the Department of Justice may initiate the referral of the history of controlled substances dispensed to an individual based on data contained in CURES to licensed health care practitioners, pharmacists, or both, providing care or services to the individual.

(d) The history of controlled substances dispensed to an individual based on data contained in CURES that is received by an authorized subscriber from the Department of Justice pursuant to this section shall be considered medical information subject to the provisions of the Confidentiality of Medical Information Act contained in Part 2.6 (commencing with Section 56) of Division 1 of the Civil Code.

(e) Information concerning a patient's controlled substance history provided to an authorized subscriber pursuant to this section shall include prescriptions for controlled substances listed in Sections 1308.12, 1308.13, 1308.14, and 1308.15 of Title 21 of the Code of Federal Regulations.

SEC. 10. Section 11165.5 of the Health and Safety Code is amended to read:

11165.5. (a) The Department of Justice may seek voluntarily contributed private funds from insurers, health care service plans, qualified manufacturers, and other donors for the purpose of supporting CURES. Insurers, health care service plans, qualified manufacturers, and other donors may contribute by submitting their payment to the Controller for deposit into the CURES Fund established pursuant to subdivision (c) of Section 208 of the Business and Professions Code. The department shall make information about the amount and the source of all private funds it receives for support of CURES available to the public. Contributions to the CURES Fund pursuant to this subdivision shall be nondeductible for state tax purposes.

(b) For purposes of this section, the following definitions apply:

(1) "Controlled substance" means a drug, substance, or immediate precursor listed in any schedule in Section 11055, 11056, 11057, or 11058 of the Health and Safety Code.

(2) "Health care service plan" means an entity licensed pursuant to the Knox-Keene Health Care Service Plan Act of 1975 (Chapter 2.2 (commencing with Section 1340) of Division 2 of the Health and Safety Code).

(3) "Insurer" means an admitted insurer writing health insurance, as defined in Section 106 of the Insurance Code, and an admitted insurer writing workers' compensation insurance, as defined in Section 109 of the Insurance Code.

(4) "Qualified manufacturer" means a manufacturer of a controlled substance, but does not mean a wholesaler or nonresident wholesaler of dangerous drugs, regulated pursuant to Article 11 (commencing with Section 4160) of Chapter 9 of Division 2 of the Business and Professions Code, a veterinary food-animal drug retailer, regulated pursuant to Article 15 (commencing with Section 4196) of Chapter 9 of Division 2 of the Business and Professions Code, or an individual regulated by the Medical Board of California, the Dental Board of California, the California State Board of Pharmacy, the Veterinary Medical Board, the Board of Registered Nursing, the Physician Assistant Committee of the Medical Board of California, the Osteopathic Medical Board of California, the State Board of Optometry, or the California Board of Podiatric Medicine.

SEC. 11. Section 11166 of the Health and Safety Code is amended to read:

11166. A person shall not fill a prescription for a controlled substance after six months has elapsed from the date the prescription was issued by the prescriber. A person shall not knowingly fill a mutilated or forged or altered prescription for a controlled substance except for the addition of the address of the person for whom the controlled substance is prescribed as provided by paragraph (2) of subdivision (b) of Section 11164.

SEC. 12. Section 11200 of the Health and Safety Code is amended to read:

11200. (a) A person shall not dispense or refill a controlled substance prescription more than six months after the date thereof.

(b) (1) Except as provided in paragraph (2), a person shall not prescribe a controlled substance, nor shall a person fill, compound, or dispense a prescription for a controlled substance, in a quantity exceeding a 30-day supply.

(2) A person may prescribe a controlled substance, and a person may fill, compound, or dispense a prescription for a controlled substance, in a quantity not exceeding a 90-day supply if the prescription is issued in the treatment of one of the following:

(A) A panic disorder.

(B) Attention deficit disorder.

(C) A chronic debilitating neurologic condition characterized as a movement disorder or exhibiting seizure, convulsive, or spasm activity.

(D) Pain in patients with conditions or diseases known to be chronic or incurable.

(E) Narcolepsy.

(F) Any other condition or circumstance for which the physician determines is a medical necessity, provided the reason for the medical necessity is noted in the prescription and in the patient's medical record.

(c) (1) A prescription for a Schedule III or IV substance shall not be refilled more than five times and in an amount, for all refills of that prescription taken together, exceeding a 120-day supply.

(2) A prescription for a Schedule II substance shall not be refilled.

(d) A person shall not issue a prescription for a controlled substance, nor shall a person fill, compound, or dispense a prescription for a controlled substance, for an ultimate user for whom a previous prescription for ~~a~~ *that* controlled substance was issued within the immediately preceding 30 days until the ultimate user has exhausted all but a seven-day supply of ~~the~~ *that* controlled substance filled, compounded, or dispensed from the previous prescription. *This subdivision does not prohibit an ultimate user from being issued multiple prescriptions, each for a different controlled substance, at a given time.*

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CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 1467

Subject:	Professions and vocations	**Author:**	Senate Business, Professions, and Economic Development Committee
Version:	March 25, 2014	**Sponsor:**	Author
Status:	Senate Appropriations		

Summary
This is the annual omnibus bill. In addition to many other provisions, Senate Bill (SB) 1467 includes four provisions requested by the California Board of Accountancy (CBA). Staff will be recommending a Support position on the bill.

Background
This bill contains several provisions for boards under the Department of Consumer Affairs. Specifically, it contains four provisions requested by the CBA.

1. It authorizes the CBA to collect, but not require, an email address from applicants or licensees renewing a license, and it provides that an email address collected by the CBA shall be treated as confidential.

2. It authorizes the CBA to, by regulation, allow experience in academia to satisfy the one-year experience requirement for a CPA license.

3. It clarifies that a CPA who is licensed in another state and who holds and exercises a practice privilege in California, must notify the CBA in writing within 30 days of any pending criminal charges.

4. It corrects a drafting error by moving the requirement that the CBA consult with the Public Company Accounting Oversight and the United States Securities and Exchange Commission to practice privilege requirements which are in effect until January 1, 2019.

Analysis
The CBA's requested provisions are on pages 4-16 of the bill (**Attachment**).

At its March 2014 meeting, the CBA directed staff to pursue a change to Business and Professions Code section 5087. The CBA asked that the term "valid and unrevoked" be changed to "current, active and unrestricted." Staff have identified more than twenty other places in the Accountancy Act where a similar phrase is used. Staff are currently analyzing all of these occurrences to determine whether similar changes should be pursued to maintain consistency in the law. Once staff is done with its analysis, other proposed changes will be brought to the CBA for approval. Staff would then pursue the changes through legislation.

Fiscal Estimate
None.

Recommendation
Staff recommend that the CBA adopt a Support position on SB 1467.

Support/Opposition
Support: None on file.

Opposition: None on file.

Effective/Operative Date
January 1, 2015

Related Bills
None

Attachment
SB 1467

SENATE BILL No. 1467

Introduced by Committee on Business, Professions and Economic Development (Senators Lieu (Chair), Berryhill, Block, Corbett, Galgiani, Hernandez, Hill, Padilla, Wyland, and Yee)

March 25, 2014

An act to amend Sections 5070, 5070.5, 5093, 5096, 5096.4, 6759, 7011.4, 7842, 7860, and 8538 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1467, as introduced, Committee on Business, Professions and Economic Development. Professions and vocations.

(1) Under existing law, the California Board of Accountancy licenses and regulates accountants. Existing law prohibits a person from engaging in the practice of public accountancy in this state unless he or she holds either a valid permit issued by the board or a practice privilege, as specified. Existing law requires an applicant for registration to furnish satisfactory evidence that the applicant is entitled to registration.

This bill would authorize the board to collect, but not require, a valid electronic mail address at the time of application for, or renewal of, a certified public accountant license. The bill would provide that these electronic mail addresses shall not be considered public records and would prohibit these electronic mail addresses from being disclosed pursuant to specified provisions of law, unless required pursuant to a court order.

Existing law sets forth education, examination, and experience requirements for a certified public accountant license, and requires an applicant to show, to the satisfaction of the board, that he or she has one year of qualifying experience, including any type of service or advice involving the use of accounting, attest, compilation, management

advisory, financial advisory, tax, or consulting skills. Existing law requires the experience to have been performed in accordance with applicable professional standards in order to qualify, and to be completed under the supervision or in the employ of a person licensed to engage in the practice of public accountancy, as specified.

This bill would authorize the board, by regulation, to allow experience in academia to satisfy the one-year requirement described above.

Existing law, until January 1, 2019, authorizes an individual whose principal place of business is not in this state and who has a valid and current license, certificate, or permit to practice public accountancy from another state to engage in the practice of public accountancy in this state under a practice privilege without obtaining a certificate or license, if certain conditions are met. Existing law subjects an individual who holds a practice privilege to certain requirements, including, among others, that the individual shall notify the board of any pending criminal charges, other than a minor traffic violation, in any jurisdiction.

This bill would instead subject an individual holding and exercising a practice privilege in this state to the requirements described above. The bill would also require the individual to report the criminal charges described above to the board in writing within 30 days of the date the individual has knowledge of those charges.

Existing law, until January 1, 2019, authorizes the board to administratively suspend an individual's right to practice in this state under a practice privilege at any time by an order issued by the board or its executive officer, without prior notice or hearing, for the purpose of conducting a disciplinary investigation, proceeding, or inquiry concerning the representations made in the notice, the individual's competence or qualifications to practice under practice privileges, failure to timely respond to a board inquiry or request for information or documents, or under other conditions and circumstances provided for by board regulation. Existing law, beginning January 1, 2019, additionally requires the board to consult the Public Company Accounting Oversight Board (PCAOB) and the United States Securities and Exchange Commission on an every six-month basis to identify out-of-state licensees who may have disqualifying conditions, or may be obliged to cease practice, and to disclose whether those out-of-state licensees are lawfully permitted to exercise the privilege. Existing law provides that disclosure of this information is not to be considered discipline.

This bill would instead require the board to consult with the PCAOB and the United States Securities and Exchange Commission as specified above until January 1, 2019, and would delete those provisions after that date.

This bill would make technical, nonsubstantive changes, and would delete an obsolete provision.

(2) The Professional Engineers Act provides for the regulation and licensure of professional engineers by the Board of Professional Engineers, Land Surveyors, and Geologists. Existing law requires an applicant for registration as a professional engineer, among other things, to furnish evidence of 6 years or more of qualifying experience in engineering work, as specified, and to successfully pass the second division of the licensure examination. Existing law authorizes the board to issue a certificate of registration as a professional engineer, without a written examination, to a person holding a certificate of registration issued by another state or country if the applicant's qualifications meet the requirements of the act. For purposes of these provisions, the act requires equivalent second division examinations to be 8-hour written examinations prepared or administered by a state or territory, as specified.

This bill would delete the requirement that an equivalent second division examination be an 8-hour examination.

(3) Under the Contractors' State License Law, the Contractors' State License Board licenses and regulates contractors. Under existing law, there is within the board a separate enforcement division that is required to rigorously enforce the act. Existing law specifies that persons employed as enforcement representatives in this division, and designated by the Director of Consumer Affairs, are not peace officers and are not entitled to safety member retirement benefits.

This bill would make technical, nonsubstantive changes to these provision.

(4) Under the Geologist and Geophysicist Act, the Board for Professional Engineers, Land Surveyors, and Geologists registers and regulates professional geologists and professional geophysicists and certifies applicants in specialties in geology. The act requires an applicant seeking certification as a petroleum geologist to meet certain requirements including, among other things, having performed a minimum of 3 years of professional geological work under the supervision of a registered petroleum engineer.

This bill would delete the provisions relating to petroleum geologists described above. The bill would also make technical, nonsubstantive changes to one of these provisions.

(5) Existing law provides for the regulation of registered structural pest control companies by the Structural Pest Control Board. Existing law requires a registered structural pest control company to provide a specified written notice to the owner, or owner's agent, and the tenant of the premises where pest control work is to be done. Existing law authorizes the notice to be given by first-class mail, posting in a conspicuous place on the real property, or personal mail.

This bill would also authorize the notice to be given by electronic mail.

(6) Existing constitutional provisions require that a statute that limits the right of access to meetings of public bodies or the writings of public officials and agencies be adopted with findings and declarations demonstrating the interest protected by that limitation and the need for protecting that interest.

This bill would make a legislative finding and declaration relating to the necessity of treating as confidential electronic addresses provided to the California Board of Accountancy in order to protect the privacy of those individuals applying for a certified public accountant license.

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

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

SECTION 1. The Legislature finds and declares that in order to protect the privacy of those individuals applying for a certified public accountant license, it is necessary that electronic addresses provided to the California Board of Accountancy pursuant to Sections 2 and 3 of this act be confidential.

SEC. 2. Section 5070 of the Business and Professions Code is amended to read:

5070. *(a)* Permits to engage in the practice of public accountancy in this state shall be issued by the board only to holders of the certificate of certified public accountant issued under this chapter and to those partnerships, corporations, and other persons who, upon application approved by the board, are registered with the board under this chapter. Notwithstanding any other ~~provision of~~ law, the board may register an entity organized

and authorized to practice public accountancy under the laws of another state for the purpose of allowing that entity to satisfy the registration requirement set forth in Section 5096.12, ~~provided that~~ *if* (1) the certified public accountants providing services in California qualify for the practice privilege, and (2) the entity satisfies all other requirements to register in this state, other than its form of legal organization.

~~All~~

(b) All applicants for registration shall furnish satisfactory evidence that the applicant is entitled to registration and shall pay the fee as provided in Article 8 (commencing with Section 5130). Every partnership, corporation, and other person to whom a permit is issued ~~after December 31, 1962,~~ shall, in addition to any other fee which may be payable, pay the initial permit fee provided in Article 8 (commencing with Section 5130).

(c) The board may collect, but shall not require, a valid electronic address at the time of application for a certified public accountant license. In the interest of protecting an applicant's privacy, the electronic address shall not be considered a public record and shall not be disclosed pursuant to Section 27 or pursuant to a request under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), unless required pursuant to a court order by a court of competent jurisdiction.

~~Each~~

(d) Each partnership, corporation, and other person issued a permit by the board to practice as a certified public accountant or as a public accountant shall be furnished with a suitable certificate evidencing that registration.

SEC. 3. Section 5070.5 of the Business and Professions Code is amended to read:

5070.5. (a) *(1)* A permit issued under this chapter to a certified public accountant or a public accountant expires at 12 midnight on the last day of the month of the legal birthday of the licensee during the second year of a two-year term if not renewed.

~~To~~

(2) To renew an unexpired permit, a permitholder shall, before the time at which the permit would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee prescribed by this ~~chapter~~ *chapter,* and give evidence satisfactory

to the board that he or she has complied with the continuing education provisions of this chapter.

(3) The board may collect, but shall not require, a valid electronic mail address on the renewal form described in paragraph (1). In the interest of protecting an applicant's privacy, the electronic mail address shall not be considered a public record and shall not be disclosed pursuant to Section 27 or pursuant to a request under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code), unless required pursuant to a court order by a court of competent jurisdiction.

(b) A permit to practice as an accountancy partnership or an accountancy corporation expires at 12 midnight on the last day of the month in which the permit was initially issued during the second year of a two-year term if not renewed. To renew an unexpired permit, the permitholder shall, before the time at which the permit would otherwise expire, apply for renewal on a form prescribed by the board, pay the renewal fee prescribed by this chapter, and provide evidence satisfactory to the board that the accountancy partnership or accountancy corporation is in compliance with this chapter.

SEC. 4. Section 5093 of the Business and Professions Code is amended to read:

5093. (a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under ~~the provisions of~~ this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of Section 5094. The total educational program shall include a minimum of 24 semester

units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(A) An applicant enrolled in a program at an institution as described in this paragraph that grants conferral of a baccalaureate degree upon completion of the 150 semester units required by paragraph (2) of this subdivision may satisfy the requirements of this paragraph if the applicant's institution mails the applicant's official transcript or its equivalent together or separately with a letter signed by the institution's registrar, or its equivalent, directly to the board pursuant to subdivision (c) of Section 5094. The letter shall include all of the following:

(i) A statement that the applicant is enrolled and in good standing in a program that will result in the conferral of a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(ii) A statement that the applicant has completed all requirements, including general education and elective requirements, for a baccalaureate degree and the only reason the college or university has yet to confer the degree is because the applicant is enrolled in a program that confers a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(iii) The date on which the applicant met all of the college's or university's requirements for conferral of a baccalaureate degree.

(B) The total educational program for an applicant described in subparagraph (A) shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under ~~the provisions of~~ this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college ~~education~~ *education,* including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects, 24 semester units in business-related subjects, and, after December 31, 2013, shall also include a minimum of 10 units of ethics study consistent with the requirements set forth in Section 5094.3 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. This evidence shall be presented at the time of application for the certified public accountant license. Nothing in this paragraph shall be deemed inconsistent with Section 5094 or 5094.6. Nothing in this paragraph shall be construed to be inconsistent with prevailing academic practice regarding the completion of units.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) *(1)* The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. ~~To~~

(2) To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

(3) Notwithstanding paragraph (2), the board may, by regulation, allow experience in academia to be qualifying under this section.

(e) Applicants completing education at a college or university located outside of this state, meeting, at a minimum, the standards described in Section 5094, shall be deemed to meet the educational

requirements of this section if the board determines that the education is substantially equivalent to the standards of education specified under this chapter.

(f) An applicant who has successfully passed the examination requirement specified under Section 5082 on or before December 31, 2013, may qualify for the certified public accountant license without satisfying the 10 semester units of study set forth in Section 5094.3 or 20 semester units of accounting study consistent with the regulations promulgated under Section 5094.6, if the applicant completes all other requirements for the issuance of a license on or before December 31, 2015.

SEC. 5. Section 5096 of the Business and Professions Code, as amended by Section 3 of Chapter 319 of the Statutes of 2013, is amended to read:

5096. (a) An individual whose principal place of business is not in this state and who has a valid and current license, certificate, or permit to practice public accountancy from another state may, subject to the conditions and limitations in this article, engage in the practice of public accountancy in this state under a practice privilege without obtaining a certificate or license under this chapter if the individual satisfies one of the following:

(1) The individual has continually practiced public accountancy as a certified public accountant under a valid license issued by any state for at least 4 of the last 10 years.

(2) The individual has a license, certificate, or permit from a state that has been determined by the board to have education, examination, and experience qualifications for licensure substantially equivalent to this state's qualifications under Section 5093.

(3) The individual possesses education, examination, and experience qualifications for licensure that have been determined by the board to be substantially equivalent to this state's qualifications under Section 5093.

(b) The board may designate states as substantially equivalent under paragraph (2) of subdivision (a) and may accept individual qualification evaluations or appraisals conducted by designated entities, as satisfying the requirements of paragraph (3) of subdivision (a).

(c) An individual who qualifies for the practice privilege under this section may engage in the practice of public accountancy in

this state, and no notice, fee, or other requirement shall be imposed on that individual by the board.

(d) An individual who qualifies for the practice privilege under this section may perform the following services only through a firm of certified public accountants that has obtained a registration from the board pursuant to Section 5096.12:

(1) An audit or review of a financial statement for an entity headquartered in California.

(2) A compilation of a financial statement when that person expects, or reasonably might expect, that a third party will use the financial statement and the compilation report does not disclose a lack of independence for an entity headquartered in California.

(3) An examination of prospective financial information for an entity headquartered in California.

(e) An individual who holds a practice privilege under this article*, and is exercising the practice privilege in California*:

(1) Is subject to the personal and subject matter jurisdiction and disciplinary authority of the board and the courts of this state.

(2) Shall comply with the provisions of this chapter, board regulations, and other laws, regulations, and professional standards applicable to the practice of public accountancy by the licensees of this state and to any other laws and regulations applicable to individuals practicing under practice privileges in this ~~state~~ *state*, except the individual is deemed, solely for the purpose of this article, to have met the continuing education requirements and ethics examination requirements of this state when the individual has met the examination and continuing education requirements of the state in which the individual holds the valid license, certificate, or permit on which the substantial equivalency is based.

(3) Shall not provide public accountancy services in this state from any office located in this state, except as an employee of a firm registered in this state. This paragraph does not apply to public accountancy services provided to a client at the client's place of business or residence.

(4) Is deemed to have appointed the regulatory agency of the state that issued the individual's certificate, license, or permit upon which substantial equivalency is based as the individual's agent on whom notices, subpoenas, or other process may be served in any action or proceeding by the board against the individual.

(5) Shall cooperate with any board investigation or inquiry and shall timely respond to a board investigation, inquiry, request, notice, demand, or subpoena for information or documents and timely provide to the board the identified information and documents.

(6) Shall cease exercising the practice privilege in this state if the regulatory agency in the state in which the individual's certificate, license, or permit was issued takes disciplinary action resulting in the suspension or revocation, including stayed suspension, stayed revocation, or probation of the individual's certificate, license, or permit, or takes other disciplinary action against the individual's certificate, license, or permit that arises from any of the following:

(A) Gross negligence, recklessness, or intentional wrongdoing relating to the practice of public accountancy.

(B) Fraud or misappropriation of funds.

(C) Preparation, publication, or dissemination of false, fraudulent, or materially incomplete or misleading financial statements, reports, or information.

(7) Shall cease exercising the practice privilege in this state if convicted in any jurisdiction of any crime involving dishonesty, including, but not limited to, embezzlement, theft, misappropriation of funds or property, or obtaining money, property, or other valuable consideration by fraudulent means or false pretenses.

(8) Shall cease exercising the practice privilege if the United States Securities and Exchange Commission or the Public Company Accounting Oversight Board bars the individual from practicing before them.

(9) Shall cease exercising the practice privilege if any governmental body or agency suspends the right of the individual to practice before the body or agency.

(10) Shall ~~notify~~ *report to* the board ~~of~~ *in writing* any pending criminal charges, other than for a minor traffic violation, in any jurisdiction *within 30 days of the date the individual has knowledge of those charges*.

(f) An individual who is required to cease practice pursuant to paragraphs (6) to (9), inclusive, of subdivision (e) shall notify the board within 15 calendar days, on a form prescribed by the board, and shall not practice public accountancy in this state pursuant to

this section until he or she has received from the board written permission to do so.

(g) An individual who fails to cease practice as required by subdivision (e) or who fails to provide the notice required by subdivision (f) shall be subject to the personal and subject matter jurisdiction and disciplinary authority of the board as if the practice privilege were a license and the individual were a licensee. An individual in violation of subdivision (e) or (f) shall, for a minimum of one year from the date the board learns there has been a violation of subdivision (e) or (f), not practice in this state and shall not have the possibility of reinstatement during that period. If the board determines that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

(h) The board shall require an individual who provides notice to the board pursuant to subdivision (f) to cease the practice of public accountancy in this state until the board provides the individual with written permission to resume the practice of public accountancy in this state.

(i) (1) An individual to whom, within the last seven years immediately preceding the date on which he or she wishes to practice in this state, any of the following criteria apply, shall notify the board, on a form prescribed by the board, and shall not practice public accountancy in this state pursuant to this section until the board provides the individual with written permission to do so:

(A) He or she has been the subject of any final disciplinary action by the licensing or disciplinary authority of any other jurisdiction with respect to any professional license or has any charges of professional misconduct pending against him or her in any other jurisdiction.

(B) He or she has had his or her license in another jurisdiction reinstated after a suspension or revocation of the license.

(C) He or she has been denied issuance or renewal of a professional license or certificate in any other jurisdiction for any reason other than an inadvertent administrative error.

(D) He or she has been convicted of a crime or is subject to pending criminal charges in any jurisdiction other than a minor traffic violation.

(E) He or she has otherwise acquired a disqualifying condition as described in subdivision (a) of Section 5096.2.

(2) An individual who fails to cease practice as required by subdivision (e) or who fails to provide the notice required by paragraph (1) shall be subject to the personal and subject matter jurisdiction and disciplinary authority of the board as if the practice privilege were a license and the individual were a licensee. An individual in violation of subdivision (e) or paragraph (1) shall, for a minimum of one year from the date the board knows there has been a violation of subdivision (e) or paragraph (1), not practice in this state and shall not have the possibility of reinstatement during that period. If the board determines that the failure to cease practice or provide the notice was intentional, that individual shall be prohibited from practicing in this state in the same manner as if a licensee has his or her practice privilege revoked and there shall be no possibility of reinstatement for a minimum of two years.

(j) 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.

SEC. 6. Section 5096.4 of the Business and Professions Code, as added by Section 20 of Chapter 411 of the Statutes of 2012, is amended to read:

5096.4. (a) The right of an individual to practice in this state under a practice privilege may be administratively suspended at any time by an order issued by the board or its executive officer, without prior notice or hearing, for the purpose of conducting a disciplinary investigation, proceeding, or inquiry concerning the individual's competence or qualifications to practice under practice privileges, failure to timely respond to a board inquiry or request for information or documents, or under other conditions and circumstances provided for by board regulation. *The board shall consult the Public Company Accounting Oversight Board and the United States Securities and Exchange Commission not less than every six months to identify out-of-state licensees who may have disqualifying conditions or who may be obliged to cease practice, and shall disclose, pursuant to this subdivision, whether those out-of-state licensees are lawfully permitted to exercise the privilege. Disclosure of this information shall not be considered discipline.*

(b) The administrative suspension order is immediately effective when mailed to the individual's address of record or agent for notice and service as provided for in this article.

(c) The administrative suspension order shall contain the following:

(1) The reason for the suspension.

(2) A statement that the individual has the right, within 30 days, to appeal the administrative suspension order and request a hearing.

(3) A statement that any appeal hearing will be conducted under the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) applicable to individuals who are denied licensure, including the filing of a statement of issues by the board setting forth the reasons for the administrative suspension of practice privileges and specifying the statutes and rules with which the individual must show compliance by producing proof at the hearing and in addition any particular matters that have come to the attention of the board and that would authorize the administrative suspension, or the revocation of practice privileges.

(d) The burden is on the holder of the suspended practice privilege to establish both qualification and fitness to practice under practice privileges.

(e) The administrative suspension shall continue in effect until terminated by an order of the board or the executive officer.

(f) Administrative suspension is not discipline and shall not preclude any individual from applying for a license to practice public accountancy in this state.

(g) Proceedings to appeal an administrative suspension order may be combined or coordinated with proceedings for revocation or discipline of a practice privilege.

(h) This section shall become operative on July 1, 2013.

(i) 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.

SEC. 7. Section 5096.4 of the Business and Professions Code, as added by Section 21 of Chapter 411 of the Statutes of 2012, is amended to read:

5096.4. (a) The right of an individual to practice in this state under a practice privilege may be administratively suspended at any time by an order issued by the board or its executive officer,

without prior notice or hearing, for the purpose of conducting a disciplinary investigation, proceeding, or inquiry concerning the representations made in the notice, the individual's competence or qualifications to practice under practice privileges, failure to timely respond to a board inquiry or request for information or documents, or under other conditions and circumstances provided for by board regulation. ~~The board shall consult the Public Company Accounting Oversight Board and the Securities and Exchange Commission on an every six-month basis to identify out-of-state licensees who may have disqualifying conditions, or may be obliged to cease practice, and shall disclose, pursuant to this subdivision, whether those out-of-state licensees are lawfully permitted to exercise the privilege. Disclosure of this information shall not be considered discipline.~~

(b) The administrative suspension order is immediately effective when mailed to the individual's address of record or agent for notice and service as provided for in this article.

(c) The administrative suspension order shall contain the following:

(1) The reason for the suspension.

(2) A statement that the individual has the right, within 30 days, to appeal the administrative suspension order and request a hearing.

(3) A statement that any appeal hearing will be conducted under ~~the provisions of~~ the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) applicable to individuals who are denied licensure, including the filing of a statement of issues by the board setting forth the reasons for the administrative suspension of practice privileges and specifying the statutes and rules with which the individual must show compliance by producing proof at the hearing and in addition any particular matters that have come to the attention of the board and that would authorize the administrative suspension, or the denial of practice privileges.

(d) The burden is on the holder of the suspended practice privilege to establish both qualification and fitness to practice under practice privileges.

(e) The administrative suspension shall continue in effect until terminated by an order of the board or the executive officer or expiration of the practice privilege under administrative suspension.

(f) Administrative suspension is not discipline and shall not preclude any individual from applying for a license to practice public accountancy in this state or from applying for a new practice privilege upon expiration of the one under administrative suspension, except that the new practice privilege shall not be effective until approved by the board.

(g) Notwithstanding any administrative suspension, a practice privilege expires one year from the date of notice unless a shorter period is set by board regulation.

(h) Proceedings to appeal an administrative suspension order may be combined or coordinated with proceedings for denial or discipline of a practice privilege.

(i) This section shall become operative on January 1, 2019.

SEC. 8. Section 6759 of the Business and Professions Code is amended to read:

6759. The board, upon application therefor, on its prescribed form, and the payment of the fee fixed by this chapter, may issue a certificate of registration as a professional engineer, without written examination, to any person holding a certificate of registration issued to him or her by any state or country when the applicant's qualifications meet the requirements of this chapter and rules established by the board. The board shall not require a comity applicant to meet any requirement not required of California applicants. For purposes of this section, equivalent second division examinations shall be ~~eight-hour~~ written examinations prepared by or administered by a state or territory either by single or combined branch at the level generally administered by the board to persons who passed or were exempted from the first division examination. Applicants who have passed an equivalent second division combined branch or a single branch examination in a branch not recognized for registration in California shall be registered in the branch in which their experience and education indicate the closest relationship.

SEC. 9. Section 7011.4 of the Business and Professions Code is amended to read:

7011.4. (a) Notwithstanding Section 7011, there is in the Contractors' State License Board, a separate enforcement division which shall rigorously enforce this chapter prohibiting all forms of unlicensed activity.

(b) Persons employed as enforcement representatives ~~in this division~~ *of the Contractors' State License Board* and designated by the Director of Consumer Affairs ~~are not peace officers and are not entitled to safety member retirement benefits. They do not have the power of arrest. However, they may~~ *shall have the authority to* issue a written notice to appear in court pursuant to Chapter 5c (commencing with Section 853.5) of Title 3 of Part 2 of the Penal Code. *An employee so designated is not a peace officer and is not entitled to safety member retirement benefits as a result of that designation. He or she does not have the power of arrest.*

SEC. 10. Section 7842 of the Business and Professions Code is amended to read:

7842. An applicant for certification in a specialty in geology shall meet all of the requirements of Section 7841 and, in addition, his *or her* seven years of professional geological work shall include one of the following:

(a) A minimum of three years performed under the supervision of a geologist certified in the specialty for which ~~he~~ *the applicant* is seeking certification or under the supervision of a registered civil engineer if the applicant is seeking certification as an engineering ~~geologist or under the supervision of a registered petroleum engineer if the applicant is seeking certification as a petroleum~~ geologist, except that prior to July 1, 1970, professional geological work shall qualify under this subdivision if it is performed under the supervision of a geologist qualified in the specialty for which the applicant is seeking certification or under the supervision of a registered civil engineer if the applicant is seeking certification as an engineering ~~geologist or under the supervision of a registered petroleum engineer if the applicant is seeking certification as a petroleum~~ geologist.

(b) A minimum of five years' experience in responsible charge of professional geological work in the specialty for which the applicant is seeking certification.

SEC. 11. Section 7860 of the Business and Professions Code is amended to read:

7860. (a) The board may, upon its own initiative or upon the receipt of a complaint, investigate the actions of any professional geologist~~,~~ *or* geophysicist, and make findings thereon.

(b) By a majority vote, the board may publicly reprove, suspend for a period not to exceed two years, or revoke the certificate of

any geologist or geophysicist registered hereunder, on any of the following grounds:

(1) Conviction of a crime substantially related to the qualifications, functions, or duties of a geologist or geophysicist.

(2) Misrepresentation, fraud, or deceit by a geologist or geophysicist in his or her practice.

(3) Negligence or incompetence by a geologist or geophysicist in his or her practice.

(4) Violation of any contract undertaken in the capacity of a geologist or geophysicist.

(5) Fraud or deceit in obtaining a certificate to practice as a geologist or geophysicist.

(c) By a majority vote, the board may publicly reprove, suspend for a period not to exceed two years, or may revoke the certificate of any geologist or geophysicist registered under this chapter, for unprofessional conduct. Unprofessional conduct includes, but is not limited to, any of the following:

(1) Aiding or abetting any person in a violation of this chapter or any regulation adopted by the board pursuant to this chapter.

(2) Violating this chapter or any regulation adopted by the board pursuant to this chapter.

(3) Conduct in the course of practice as a geologist or geophysicist that violates professional standards adopted by the board.

SEC. 12. Section 8538 of the Business and Professions Code is amended to read:

8538. (a) A registered structural pest control company shall provide the owner, or owner's agent, and *the* tenant, *if any,* of the premises for which the work is to be done with clear written notice ~~which~~ *that* contains the following statements and information using words with common and everyday meaning:

(1) The pest to be controlled.

(2) The pesticide or pesticides proposed to be used, and the active ingredient or ingredients.

(3) "State law requires that you be given the following information: CAUTION—PESTICIDES ARE TOXIC CHEMICALS. Structural Pest Control Companies are registered and regulated by the Structural Pest Control Board, and apply pesticides ~~which~~ *that* are registered and approved for use by the California Department of Pesticide Regulation and the United

States Environmental Protection Agency. Registration is granted when the state finds that, based on existing scientific evidence, there are no appreciable risks if proper use conditions are followed or that the risks are outweighed by the benefits. The degree of risk depends upon the degree of exposure, so exposure should be minimized."

"If within 24 hours following application you experience symptoms similar to common seasonal illness comparable to the flu, contact your physician or poison control center (telephone number) and your pest control company immediately." (This statement shall be modified to include any other symptoms of overexposure ~~which~~ *that* are not typical of influenza.)

"For further information, contact any of the following: Your Pest Control Company (telephone number); for Health Questions—the County Health Department (telephone number); for Application Information—the County Agricultural Commissioner (telephone number) and for Regulatory Information—the Structural Pest Control Board (telephone number and address)."

(4) If a contract for periodic pest control has been executed, the frequency with which the treatment is to be done.

(b) In the case of Branch 1 applications, the notice prescribed by subdivision (a) shall be provided at least 48 hours prior to application unless fumigation follows inspection by less than 48 hours.

In the case of Branch 2 or Branch 3 registered company applications, the notice prescribed by subdivision (a) shall be provided no later than prior to application.

In either case, the notice shall be given to the owner, or owner's agent, and *the* tenant, if there is a tenant, in at least one of the following ways:

(1) First-class *or electronic* mail.

(2) Posting in a conspicuous place on the real property.

(3) Personal delivery.

If the building is commercial or industrial, a notice shall be posted in a conspicuous place, unless the owner or owner's agent objects, in addition to any other notification required by this section.

The notice shall only be required to be provided at the time of the initial treatment if a contract for periodic ~~service~~ *pest control*

has been executed. If the pesticide to be used is changed, another notice shall ~~be required to~~ be provided in the manner ~~previously set forth herein~~ *described in this section*.

(c) Any person or licensee who, or registered company ~~which~~ *that*, violates any provision of this section is guilty of a misdemeanor and is punishable as set forth in Section 8553.

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CPC Item II. May 29, 2014
CBA Item VIII.B.2. May 29-30, 2014

Discussion Regarding Possible New Issues for Inclusion in the Sunset Review Report

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: May 8, 2014

Purpose of the Item

The purpose of this agenda item is to present the California Board of Accountancy (CBA) with potential issues for inclusion as New Issues in the CBA's Sunset Review Report.

Action(s) Needed

The CBA will be asked to direct staff regarding which topics it would like considered for incluson as New Issues in the Sunset Review Report.

Background

Every four years the CBA undergoes the sunset review process in the Legislature (see **Agenda Item I.A.**). The process begins with the preparation of a Sunset Review Report. The report answers questions posed by the Legislature, provides follow-up information on issues that were identified during the previous sunset review, and identifies new issues for the Legislature to consider.

Staff began preparing the CBA's Sunset Review Report last month. It is anticipated that staff will present the first draft of the report to the CBA at its July 2014 meeting. One section of the report provides the CBA with a chance to put forward new issues for the Legislature to consider. These new issues need not be limited to those with legislative solutions, but rather, those which the CBA might address through a variety of avenues. Finally, these new issues need not be addressed right away; however, the Legislature will expect them to be addressed over the next four years.

Staff will be seeking a meeting with Legislative staff in June to discuss the sunset review process and, specifically, to determine potential new issues the Legislature may wish to see addressed. During this meeting staff will be able to gauge the probable reaction of the Legislature to all new issues that could be included in the report.

The CBA may direct staff to explore the following topics, or suggest other topics, for inclusion in the Sunset Review Report. The CBA will have its first chance to review the report at its July 2014 meeting at which time it may choose to revise or even eliminate any of the New Issue topics.

Comments

Staff are suggesting the following topics for possible inclusion in the New Issues section of the Sunset Review Report.

Registration of Sole Proprietorships

Although Business and Professions Code section 5035.1 includes sole proprietorships in its definition of firms, the CBA does not currently require individual CPAs operating as a sole proprietorship to register or obtain a separate form of licensure if the individual does not seek to form a corporation or operate under a name other than the name found on the license issued by the CBA. If an individual wishes to operate as a sole proprietorship under a different name style (in essence a DBA), the individual would need to register the fictitious name.

With the establishment of peer review, the need to know what entities operate as an accounting firm, including sole proprietorships, has become increasingly important. This is because the requirement to undergo a peer review is a firm-related requirement. Given that the CBA does not know which licensees operate as sole proprietorships, the CBA must require all licensees complete and file a peer review reporting form to determine which licensees are operating as firms and subject to the peer review requirement.

As members are aware, since peer review became mandatory January 1, 2010 (and was subsequently phased in over a three year period), the CBA has had a large portion of individuals fail to submit the required Peer Review Reporting Form (PR-1). As a result, the CBA has seen a significant increase in enforcement activity associated with this issue, most notably, an increase in citation and fines. While the CBA has taken strides to rectify this issue, including increased outreach and a regulatory change to have the reporting requirement coincide with license renewal, registering sole proprietorships would allow the CBA to specifically target peer review information to firms.

If the CBA were to require the registration of sole proprietorships, the CBA would be able to focus its efforts on collecting the PR-1 from accounting firms only. The CBA will no longer need for all CPAs, including those renewing inactive or retired, or who are in private industry or government, to file the PR-1.

Accountancy Fund Reserve Following Loan Repayments

Over the past decade during the fiscal crisis, the CBA made several loans to the General Fund which were to be repaid should the funds be needed or when the state's fiscal crisis had ended. With the state emerging from this crisis, it is anticipated that the loans will be repaid in whole or in part over the next few fiscal years. The Governor's office and the Department of Finance will direct the exact timing and amounts of repayment.

Once these loans are repaid, the CBA will have a reserve approaching $40 million. The CBA will be faced with decisions on how to reduce this reserve. Staff recommend that this issue be addressed in the Sunset Review Report in broad terms to state that, as repayments are scheduled, the CBA will review the information and establish a plan for reducing the reserve. Because the CBA does not know specifically when the loans will be repaid or the amount to be repaid in a given year, discussing this topic in broad terms will allow the CBA greater flexibility when the time comes for it to address the issue.

How the CBA handles the influx of reserves will become a major issue, and staff recommend including it in the Sunset Review Report. In addition, this issue could be framed in such a way as to state the CBA's desire that the loans be fully repaid as soon as possible.

Fiscal/Economic Impact Considerations

Although there is no direct fiscal impact from this agenda item, any possible changes to the CBA's laws, rules, or policies that result from the sunset review process could have varying fiscal effects that would be identified at a later time.

Recommendation

Staff recommend including the above issues in the Sunset Review Report. Staff welcome any input regarding additional topics that the CBA may wish for staff to explore.

Attachment

None.

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CPC Item III.	**CBA Item VIII.B.3.**
May 29, 2014	May 29-30, 2014

Overview of Methodology for Collecting Practice Privilege Data from Other State Boards of Accountancy Required for the Report Required by BPC Section 5096.21(d)

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 24, 2014

Purpose of the Item

The purpose of this agenda item is to present the California Board of Accountancy (CBA) with the method by which staff will collect practice privilege information from other states in order to prepare the report required by Business and Professions Code (BPC) section 5096.21(d).

Action(s) Needed

The CBA will be asked to approve the proposed methodology and communication.

Background

BPC section 5096.21 requires the CBA to make a determination, on and after January 1, 2016, whether allowing individuals from a particular state to practice in California under the current practice privilege program, or mobility, violates its duty to protect the public. The CBA's decisions in this matter will be primarily based on preliminary determinations made in a report to the Legislature on July 1, 2015. This report needs to answer the following questions:

1. Does allowing this state's licensees to use practice privileges in California violate the CBA's duty to protect the public?
2. Does this state timely and adequately address enforcement referrals?
3. Is this state's disciplinary history available on the Internet?
4. Is this state's discipline appropriate in light of the misconduct?
5. Has this state adopted the National Association of State Boards of Accountancy (NASBA) Enforcement Standards?

The law requires that, if the CBA determines allowing individuals from a particular state to practice in California under mobility violates its duty to protect the public, that state's licensees would be required to go back to the old practice privilege system which required out-of-state licensees to file a notice with the CBA and pay a fee.

Comments

Staff will be able to provide the CBA with objective data to answer questions 2, 3, and 5. The survey proposed by staff will assist the CBA in determining the answers to questions 1 and 4.

Staff recommend sending out an email communication (**Attachment**) to all of the other state boards of accountancy that will contain a link to an electronic survey. The other states' answers to the survey questions will assist the CBA as it determines if a given state's discipline is appropriate and if a given state's licensees should be allowed to continue practicing in California under mobility.

It is critical that every state respond to the survey as the CBA's decision regarding that state's licensees' participation in mobility may depend on the answers received. In order to ensure that the CBA is provided with complete and useful data, staff will be in contact with the National Association of State Boards of Accountancy (NASBA) to garner any assistance they may be able to offer in ensuring complete participation in the CBA's survey. In addition, staff will initially send out the survey to only a few select state boards in order to test the responses provided to ensure that the information returned is adequate to the reporting requirements.

Questions 5 through 7 in the survey described on the attachment are not related directly to the report to the Legislature; however, the information provided in the answers to these questions will assist staff in providing the Mobility Stakeholder Group with information it has requested. Staff believe that the response to a single survey would be more complete than sending out two surveys on very similar issues. It is expected that the MSG will be able to review the responses to these questions at its November 2014 meeting.

Following approval by the CBA, staff will provide the attached email to NASBA President and Chief Executive Officer, Ken Bishop for any suggestions he may have and to request NASBA's assistance in encouraging other boards respond to the survey. In July, staff will send the survey to two or three of the larger states to ensure that the questions are being received in the expected manner. The survey will be sent to the remaining jurisdictions in August. Staff will then prepare the report to the Legislature which will be reviewed by the CBA at its March or May 2015 meeting prior to its due date of July 1, 2015.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommend approving the proposed methodology and attached communication to other state boards.

Attachment

Proposed Communication to Other State Boards of Accountancy

CALIFORNIA BOARD OF ACCOUNTANCY

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Attachment

Proposed Communication to Other State Boards of Accountancy

Good Morning –

The California Board of Accountancy (CBA) implemented no notice, no fee mobility on July 1, 2013. California's mobility law is, at this point, set to expire on January 1, 2019. Prior to that time, the CBA will be preparing a preliminary report on mobility for the California Legislature which is due on July 1, 2015. This report will provide several details about each state and how they fit into California's mobility program. In order to provide the CBA and the Legislature with the information needed, the CBA has prepared a survey asking specific questions regarding states' enforcement processes.

The CBA has been charged by the Legislature to utilize its findings in the report to determine if, for each jurisdiction, allowing that state's licensees to continue practicing in California under no notice, no fee mobility is consistent with the CBA's duty to protect consumers. If the CBA determines that it is not consistent, that state's licensees will fall under California's prior practice privilege law which requires both a notice and fee.

The information you provide in this survey will assist the CBA in preparing the report to the Legislature and in determining which states' licensees will remain a part of the current California mobility program.

The link to the survey is provided below. However, below is the list of questions in the survey to facilitate gathering the requested information prior to completing the online survey.

1. Has your board adopted a set of disciplinary guidelines that are utilized when determining appropriate discipline? (If no, skip to question 5)
2. Is there latitude given to allow your board to deviate from those guidelines? (If no, skip to question 5)
3. Under what circumstances would your board deviate from the guidelines?
4. Approximately how often in the past five years has your board deviated from the guidelines?
5. In the past 5 years, how many enforcement referrals did your board receive annually from other state boards of accountancy?
6. How many of those referrals resulted in enforcement actions?
7. In the past 5 years, how many matters has your board referred for enforcement to other state boards of accountancy?

The survey may be completed at <link>. Thank you for your participation.

If you have any questions, please contact our Legislative and Regulatory Coordinator, Matthew Stanley, by email at matthew.stanley@cba.ca.gov or by telephone at (916) 561-1792.

Sincerely,

Patti Bowers, Executive Officer

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CPC Item IV. May 29, 2014

CBA Item VIII.B.4. May 29-30, 2014

Discussion Regarding Conducting a Study on California's Attest Experience Requirement

Presented by: Dominic Franzella, Chief, Licensing Division
Date: May 6, 2014

Purpose of the Item

The purpose of this item is twofold:

1. To have the Committee on Professional Conduct (CPC) begin laying the foundation for the study of California's attest experience requirement that individuals must complete to be authorized to sign reports on attest engagements

2. To provide the CPC an overview of the consultant's role in working with the CPC on the study of the attest experience requirement

Action(s) Needed

The CPC is being asked to adopt an initial plan to present to the consultant regarding the needs and direction of the study to explore the attest experience requirement. The CPC will also be asked whether it wishes to recommend to the California Board of Accountancy (CBA) a two-member CPC subcommittee to assist in the work on the study.

Background

In March 2013, immediate-past President Leslie LaManna, CPA, established the Taskforce to Examine Experience for CPA Licensure (Taskforce). Ms. LaManna charged the Taskforce with examining a possible shift to a single experience requirement for CPA licensure. The Taskforce met three times (May, July, and September) to discuss all aspects of the experience requirement.

Over the course of these meetings, the Taskforce discussed the possible addition of allowing experience earned as a teacher/instructor in academia to qualify for CPA licensure and possible modifications to the general accounting and attest experience requirements. The Taskforce ultimately recommended to the CBA that the CBA: (1)

continue to explore the topic of academia as qualifying experience[1], (2) maintain the status quo related to California's general accounting experience requirement, and (3) eliminate the attest experience requirement. The CBA adopted the first two of the Taskforce's recommendations, but ultimately chose not to adopt the Taskforce's third recommendation.

At the September 2013 meeting the CBA spent a considerable amount of time discussing the topic of the Taskforce's recommendation to eliminate the attest experience requirement, and heard testimony from Ed Howard, Senior Counsel, Center for Public Interest Law (CPIL)[2], regarding CPIL's opposition to the elimination of the attest experience requirement. After extensive discussion on the topic, the CBA ultimately directed staff to gather research data of California licensees regarding the 500 attest hours, work with National Association of State Boards of Accountancy (NASBA) or others to obtain out-of-state data, and analyze enforcement criteria.

At the January 2014 meeting, CBA President Michael Savoy, CPA, informed the CBA that at the direction of CBA Leadership, staff would seek to engage a consultant to facilitate the data collection as it related to California. Additionally, President Savoy assigned the task of working with the consultant to the CPC. As reported on in the most recent Monthly Executive Officer Report, staff continues to work on completing the consultant contract for the study associated with the attest experience survey. Staff anticipates that the consultant will be attending the July CPC meeting in Sacramento.

At its March meeting, the CBA took initial steps toward its further exploration of the attest experience requirement by reviewing, modifying, and approving a series of questions for use in surveying other states regarding an attest experience requirement. These questions are designed to address the out-of-state data that the CBA included as part of its motion to staff at the September 2013 meeting.

Comments

In an effort to ensure the effectiveness of the study, staff has divided the consulting services into a two-part process. The first part will conclude with the consultant providing a proposal to the CBA with recommendations on how to conduct the study. Once the CBA approves a proposal, the second part of the consultant's work will be carrying out the study and providing a final report.

With the ultimate goal being an effective and informative study, and to aid in ensuring that the final outcome of the study is responsive to the needs of the CBA, staff wanted to provide the CPC the ability to lay the initial foundations for the nature and direction of the survey in advance of the July 2014 meeting. Additionally, staff wanted to take this opportunity to discuss the roles of the CPC and consultant for the upcoming study.

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[1] The CBA adopted proposed legislation at the January meeting, which was included in one of the Senate Business, Professions and Economic Development Committee's omnibus bills (Senate Bill 1467).
[2] Mr. Howard also served as a member on the Taskforce.

Beginning with establishing an initial plan for the nature and scope of the study, staff has identified four target audiences that the CPC may wish to consider for inclusion in the study on the attest experience requirement. Additionally, staff has identified some initial areas/topics for each group that the CPC may wish to have explored.

Staff would like to emphasize that these are initial thoughts only and encourage additional CPC insight on these and other groups, as well as those areas/topics that should be explored. Additionally, staff anticipates that once it provides this information to the consultant, drawing on its expertise, additional groups may also be suggested, as well as additional areas/topics to explore.

<u>New Licensees (up to three years)</u>
The benefits for evaluating this group and the areas/topics that the CPC may wish to have explored include:

- Recent insight regarding the completion of the attest experience requirement
- Potential barriers realized by individuals in obtaining the necessary attest experience
- Entry-level understandings and concepts used during the first three years in public accounting

<u>Hiring Managers</u>
The benefits for evaluating this group and the areas that the CPC may wish to have explored include:

- Future needs of the accounting firms
- Ability to provide adequate opportunities to employees seeking to complete the attest experience requirement
- Expectations for newly hired CPAs
- Opinion regarding how long it takes before an individual is able to complete attest engagements (especially audits) with minimal supervision

In considering this group, the CPC may wish to ensure a broad cross section of accounting firms are covered from small-, medium-, and large-size accounting firms.

<u>Applicants for Initial Licensure</u>
The benefits for evaluating this group and the areas that the CPC may wish to have explored include:

- Insight regarding completing the licensure requirements, especially those related to experience
- Assess potential difficulties for those seeking to obtain the authority to sign reports on attest engagements

Consumer (especially those that use attest-related services)
The benefits for evaluating this group and the areas that the CPC may wish to have explored include:

- Assess the present and future needs regarding attest engagements
- Test to see if confusion exists between the "A" and "G" license types[3]
- Obtain insight on the effectiveness of the CBA's website and informational material regarding those CPAs that may sign reports on attest engagements and those that may not

As for the roles of the CPC and consultant, first and foremost, the CPC will be responsible for guiding the nature and scope of the study. This will include working to establish the groups to be surveyed and the types of questions/statements that the consultants will use to in performing the study. The CPC will also be responsible for considering and recommending to the CBA the final plan for conducting the study.

Drawing on its considerable experience, the consultant will be responsible for assisting the CPC in fleshing out the nature and scope of the study to ensure the effectiveness of the study. As part of this endeavor, the consultant will provide important insight on the types of questions/statements the CBA should employ to ensure that the desired information is achieved. The consultant will submit a proposal to the CPC for its consideration and recommendation to the CBA on assessments and analytical approaches (in essence various methodologies) for carrying out the study. These could include surveys, literature reviews, stakeholder interviews/focus groups, and various testing. After the CBA approves a final proposal on a methodology for conducting the survey, the consultant will perform the study. At the conclusion of the study, the consultant will provide the CBA an independent final report.

Given that most changes to the attest experience requirement, including and up to elimination, will require legislation, the fact that the CBA has an independent report, which will include empirical data, will be exceedingly beneficial in determining the correct course of action.

When Executive Leadership discussed continued exploration and study of the attest experience requirement at the Executive Leadership Roundtable in December 2013, it was communicated to staff to ensure the involvement of stakeholders in this process. Staff wants to assure the CPC that it will work diligently to meet this charge.
On a final note, staff would like to provide the CPC a high-level schedule of activities associated with the study. The consultant activities are to begin July 2014. At this time, staff has allotted three meetings (through the November 2014 CBA meeting) for the

[3] While California does not issue two types of CPA licenses, a distinction does exist between those individuals that receive a license with the completion of the attest experience requirement ("A" license type) and those that complete the general accounting experience requirement ("G" license type).

consultant and CPC to discuss options/methodologies for conducting the study. No later than the January 2015 meeting, the consultant will provide the CPC a proposal with recommendations on how to conduct the survey. Once a final format for conducting the study is adopted by the CBA, the consultant can begin work on data collection and final compilation of an independent report. As the progress on this first part of the study proceeds, staff will work with the consultant to determine if any changes to the schedule are necessary. This would include moving up the time schedule if the consultant is able to complete its work ahead of schedule.

It remains an unknown when the final report will be completed as it will depend largely on the nature and scope of activities and methodologies employed for carrying out the study. Staff wants to stress that it will work diligently with the CBA, CPC, and consultant to ensure that the study is completed timely and no undo delays are encountered.

To further assist in the timeliness of the study, the CPC may wish to recommend to the CBA the appointment of a two-member CPC subcommittee. This will allow the consultant access to the CPC to ensure that work on the study can progress outside of the regularly scheduled meetings.

Fiscal/Economic Impact Considerations
As the CBA will be using the services of a consultant, there will be a fiscal impact associated with this study. Presently, staff are in the final stages of securing the consultant and will be able to report to the CBA the final outlay associated with this study in July.

Recommendation
Staff recommends that the CPC adopt an initial foundation to present to the consultant regarding the needs and direction of the study to explore the attest experience requirement. Additionally, staff recommends that the CPC recommend to the CBA two CPC members to serve on a subcommittee to assist staff and the consultant outside of the regularly scheduled CPC meetings.

Attachments
None.

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CPC Item V. May 29, 2014

CBA Item VIII.B.5 May 29-30, 2014

Discussion and Possible Action to Recommend Changes to CBA Regulations Sections 12, 12.5, and 37 – Regarding Continuing Education Required for Initial Licensure

Presented by: Matthew Stanley, Legislation and Regulation Coordinator
Date: April 30, 2014

Purpose of the Item

The purpose of this agenda item is to provide information and draft regulatory language to aid the California Board of Accountancy (CBA) in its discussion related to revising CBA Regulations sections 12, 12.5, and 37 regarding continuing education (CE) requirements for initial licensure.

Action(s) Needed

The CBA will be asked to review proposed regulatory language and initiate a rulemaking to amend CBA Regulations sections 12, 12.5, and 37.

Background

Effective January 1, 2014, CBA Regulations sections 12, 12.5, and 37 specify that an applicant who is applying with experience obtained five or more years prior to application and who has not passed the Uniform Certified Public Accountant Examination during this five-year period or an applicant who is applying for reissuance following cancellation of a license shall be required to complete 80 hours of CE within two years preceding receipt of application by the CBA.

Comments

Requiring the completion of CE to precede the receipt of application is problematic for applicants attempting to obtain a license. Applicants may be unaware that CE is required, and CE is often identified by the CBA after the receipt of application.

This regulatory proposal would change the window in which CE must be completed. Rather than requiring all 80 hours to be completed in the two years preceding the receipt of application, this proposal would require all 80 hours to be completed in the two years preceding approval of the application for licensure. This allows the CBA to be able to notify the applicant of required CE while still allowing time for the applicant to complete it.

Fiscal/Economic Impact Considerations
None.

Recommendation
Staff recommend that the CBA approve the language and direct staff to initiate the rulemaking process.

Attachment
Proposed Regulatory Language

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Attachment

Proposed Regulatory Language

§ 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid, active license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

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

(3)(A) All verifications shall be submitted to the Board on Form 11A-29 (5/11) for public accounting experience or Form 11A-29A (5/11) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the

total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full- time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

(1) The 80 hours must be completed in the two years preceding ~~receipt~~ approval of the application by the Board.

(2) All 80 hours must meet the requirements as described in Section 87.

(3) ~~A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with a~~ A minimum of 12 hours must be completed in subject areas described in Section 87(a)(2).

(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas, as described in Section 87(a)(2) and (3), for which the applicant may claim credit.

Note: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code. Reference: Sections 5092 and 5093, Business and Professions Code.

§ 12.5. Attest Experience Under Business and Professions Code Section 5095.

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

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

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code

Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

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

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

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

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

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

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

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

(c) Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is not qualifying.

(d) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid active license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.

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

(3)(A) All verifications shall be submitted to the Board on Form 11A-6A (5/11) for public accounting experience or on Form 11A-6 (5/11) for private industry or governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.

(B) If the applicant is unable to obtain the verifications required in subsection (d)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (d)(3)(A).

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

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

(g) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:

(1) The 80 hours must be completed in the two years preceding ~~receipt~~ approval of the application by the Board.

(2) All 80 hours must meet the requirements as described in Section 87.

(3) The 80 hours must be completed as follows:

(A) ~~A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with~~ A minimum of 12 hours must be completed in subject areas described in Section 87(a)(2).

(B) 16 hours in financial accounting standards.

(C) 16 hours in auditing standards.

(D) 8 hours in compilation and review.

(E) 8 hours in other comprehensive basis of accounting.

(F) 8 hours in the prevention, detection, and/or reporting of fraud affecting financial statements.

(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(h) The experience required by Section 5092, 5093, or 5095 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

Note: Authority cited: Sections 5010 and 5095, Business and Professions Code. Reference: Section 5023, 5092, 5093 and 5095, Business and Professions Code.

§ 37. Reissuance.

(a) A certified public accountant (CPA) whose certificate has been cancelled by the operation of Business and Professions Code Section 5070.7 may apply for and obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (b) or (c) of this section. The reissued certificate will permit the CPA to perform the same services as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

~~(b) An applicant who is applying for a reissued certificate shall, within two years prior to receipt of application, complete 80 hours of continuing education that meets the following requirements:~~ An applicant who is applying for a reissued certificate shall complete 80 hours of continuing education that meets the following requirements:

(1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, the 80 hours must be completed as follows:

(A) The 80 hours must be completed in the two years preceding ~~receipt~~ approval of the application by the Board.

(B) All 80 hours must meet the requirements as described in Section 87.

(C) Within the 80 hours, the following minimums must be met:

(i) ~~A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with~~ A minimum of 12 hours must be completed in subject areas described in Section 87(a)(2).

(ii) 16 hours in financial accounting standards.
(iii) 16 hours in auditing standards.

(iv) 8 hours in compilation and review.

(v) 8 hours in other comprehensive basis of accounting.

(vi) 8 hours in the prevention, detection, and/or reporting of fraud affecting financial statements.

(2) For an applicant whose reissued certificate will not authorize signing reports on attest engagements, 80 hours must be completed as follows:

(A) The 80 hours must be completed in the two years preceding ~~receipt~~ approval of the application by the Board.

(B) All 80 hours must meet the requirements as described in Section 87.

(C) ~~A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with~~ A minimum of 12 hours must be completed in subject areas described in Section 87(a)(2).

(3) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas for which the applicant may claim credit.

(c) In lieu of meeting the requirements of subsection (b) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code. Reference: Section 5070.7, Business and Professions Code.

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CPC Item VI. May 29, 2014
CBA Item VIII.B.6. May 29-30, 2014

Discussion and Possible Action to Recommend Initiation of a Rulemaking to Implement Experience in Academia as Qualifying Experience for CPA Licensure

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 24, 2014

Purpose of the Item

The purpose of this item is to provide the California Board of Accountancy (CBA) draft regulatory language to define how experience in academia would be accepted as qualifying experience for California certified public accountant (CPA) licensure.

Action(s) Needed

The CBA will be asked to review and approve proposed regulations and initiate the rulemaking process contingent on the passage of this year's omnibus bill allowing experience in academia to qualify as general accounting experience.

Background

At its November 2013 meeting, the CBA approved the Committee on Professional Conduct's recommendation to allow experience in academia to qualify as general accounting experience for CPA licensure. The CBA determined to move forward with legislation that would allow experience in academia to be qualifying, and directed staff to develop regulatory language to include:

- Teaching 48 semester units, or its equivalent would equate to one year of general accounting experience;
- The courses taught must be in the subjects listed in CBA Regulations section 9.2(b);
- The applicant's dean, department head, or chair must sign off on the applicant's experience; and
- The institution at which the applicant taught must satisfy the accreditation standards set forth in Business and Professions Code (BPC) section 5094.

At the request of the CBA, the Senate Business, Professions and Economic Development Committee incorporated the CBA's legislative language, which was approved at its January 2014 meeting, into Senate Bill (SB) 1467**(**see **Agenda Item VII.3.G.)**, which would take effect January 1, 2015, if signed into law.

Comments

SB 1467 would allow the CBA, by regulation, to permit experience in academia to qualify as general accounting experience for licensure. The regulatory proposal (**Attachment 1**) would specify that 48 semester units, or the equivalent, in academia would qualify as one year of general accounting experience. In addition, the applicant must have been the instructor at an accredited institute for a course in one or more of the following subjects listed in CBA Regulations section 9.2(b), which includes: accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation.

Staff added a new provision that the CBA has not previously discussed, but would allow an applicant to combine experience in academia with other accounting experience at a ratio of four semester hours, or its equivalent, equal to one month of general accounting experience. Regardless of the combination of the experience types, the total experience cannot be obtained in fewer than twelve months.

Additionally, by allowing experience in academia to qualify as general accounting experience, an applicant who is applying with experience obtained five or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period must complete 80 hours of CE prior to licensure, pursuant to CBA Regulations section 12(d).

To assist in documenting and verifying an applicant's experience, all qualifying experience must be verified on the Certificate of Experience in Academia (**Attachment 2**) by the dean, head, or chair of the applicant's department.

Lastly, the titles of sections 12 and 12.5 would change for naming consistency as follows:

Section 12. General Experience ~~Required Under Business and Professions Code Sections 5092 and 5093~~

Section 12.5. Attest Experience ~~Under Business and Professions Code Section 5095.~~

The regulatory process may be initiated once SB 1467 is signed.

Fiscal/Economic Impact Considerations

Staff expects a minor but absorbable fiscal impact to process a new form.

Recommendation

Staff recommends that the CBA approve the language and direct staff to initiate the rulemaking process upon passage of SB 1467.

Attachments

1. Proposed Regulatory Language
2. Form 11A-29B (4/14)

CALIFORNIA BOARD OF ACCOUNTANCY

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Attachment 1

Proposed Regulatory Language

§ 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or Section 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid, active license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093. Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work, pursuant to subsection (b) on a routine and recurring basis and shall have authority and oversight over the applicant.
(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm, private industry company, or governmental agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the public accounting firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm or private industry company signing the verification is also the person supervising the experience, no second signature is required.
(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.
(3)(A) All verifications shall be submitted to the Board on Form 11A-29 (5/11) for public accounting experience or Form 11A-29A (5/11) for private industry and governmental accounting experience, which are hereby incorporated by reference, and shall be signed under penalty of perjury.
(B) If the applicant is unable to obtain the verifications required in subsection (a)(3)(A), the Board may approve other forms of verification if they contain the information as required in subsection (a)(3)(A).

(b) The experience required by Section 5092 or Section 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public accounting, private industry, or government. Experience acquired in academia is ~~not qualifying~~ <u>considered qualifying if</u>

the requirements of Section 12.1 are met.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full- time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying with experience obtained five (5) or more years prior to application and who has not passed the Uniform CPA Examination during this five-year period shall be required to complete 80 hours of continuing education, which shall meet the following requirements:
(1) The 80 hours must be completed in the two years preceding receipt of application by the Board.
(2) All 80 hours must meet the requirements as described in Section 87.
(3) A minimum of 20 hours must be completed in the one year period immediately preceding the receipt of the application, with a minimum of 12 hours in subject areas described in Section 87(a)(2).
(4) Certificates of completion must be submitted to the Board and shall contain a verification certified by a program provider representative such as a signature or seal. The certificate of completion must also delineate the subject areas, as described in Section 87(a)(2) and (3), for which the applicant may claim credit.

Note: Authority cited: Sections 5010, 5092 and 5093, Business and Professions Code. Reference: Sections 5092 and 5093, Business and Professions Code.

Section 12.1 – Experience in Academia

(a) Pursuant to Business and Professions Code section 5093(d)(3), experience in academia qualifies as general accounting experience for certified public accountant licensure if it meets the requirements provided in this section.

(b) In evaluating an applicant’s experience in academia, 48 semester units of instruction, or its equivalent in quarter units, shall be considered equivalent to one year of general accounting experience.

(c) Experience in academia shall be qualifying when the applicant is the instructor for a course meeting the following requirements:
(1) The course was in a subject listed in section 9.2(b); and

(2) The course was at an institution which meets the qualifications of Business and Professions Code section 5094(b).

(d)(1) All experience must be verified by the dean, head, or chair of the applicant's department who has authority and oversight over the applicant. The verification shall be submitted to the Board on Form 11A-29B (4/14) entitled "Certificate of Experience in Academia," which is hereby incorporated by reference.
(2) If the applicant is unable to obtain the verifications required in subsection (d)(1), the Board may approve other forms of verification if they contain the information as required in subsection (d)(1).

(e)(1) Experience in academia may be combined with other general accounting experience meeting the requirements of Section 12 at a ratio of four semester units, or its equivalent in quarter units, to one month of general accounting experience.
(2) Notwithstanding subdivision (e)(1), the total qualifying general accounting experience needed for licensure shall not be obtained in less than 12 calendar months.

CERTIFICATE OF EXPERIENCE IN ACADEMIA

This form is to be MAILED directly to the California Board of Accountancy (CBA) by the person verifying the experience.

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials) (First) (Middle) (Last)	SOCIAL SECURITY # (Last 4 only) XXX-XX-__ __ __ __

EXPERIENCE IN ACADEMIA

Please list the following information for all courses in qualifying subjects for which the applicant was an instructor. Qualifying subjects are (accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation). Attach additional pages as needed.

Course Number	Title of Course	Number of Units		Dates of Instruction
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		
		☐ Quarter ☐ Semester		

INSTITUTION NAME:	INSTITUTION TELEPHONE: Area Code ( )
ADDRESS: (Include City, State, and Zip Code)	

Section 12.1 of the CBA Regulations requires that experience in academia be verified by the dean, head, or chair of the applicant's department.

I hereby certify, under penalty of perjury under the laws of the state of California, that the records of the above named institution indicate that the applicant was the instructor for the courses indicated herein.

SIGNATURE (Dean, head, or chair of department) **(DO NOT USE BLACK INK)**	TITLE
PRINTED NAME	Date:

NOTICE ON COLLECTION OF PERSONAL INFORMATION

Collection and Use of Personal Information

The California Board of Accountancy (CBA) of the Department of Consumer Affairs collects the personal information requested on this form as authorized by Business and Professions Code Sections 5080-5095 and the Information Practices Act. The CBA uses this information principally to identify and evaluate applicants for licensure, issue and renew licenses, enforce licensing standards set by law and regulation.

Mandatory Submission

Submission of the requested information is mandatory. The CBA cannot consider your application for licensure or renewal unless you provide all of the requested information.

Access to Personal Information

You may review the records maintained by the CBA that contain your personal information, as permitted by the Information Practices Act. See below for contact information.

Possible Disclosure of Personal Information

We make every effort to protect the personal information you provide us. The information you provide, however, may be disclosed in the following circumstances:

- In response to a Public Records Act request (Government Code Section 6250 and following), as allowed by the Information Practices Act (Civil Code Section 1798 and following);
- To another government agency as required by State or Federal law; or,
- In response to a court or administrative order, a subpoena, or a search warrant.

Contact Information

For questions about this notice or access to your records, you may contact the Executive officer at 2000 Evergreen Street, Sacramento, CA, 95843 or by phone at (916) 263-3680.

For questions about the Department's Privacy Policy, you may contact the Department of Consumer Affairs at 1625 North Market Boulevard, Sacramento, CA 95834, by phone at (800) 952-5210, or by e-mail at dca@dca.ca.gov.

CALIFORNIA BOARD OF ACCOUNTANCY

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EPOC Item II.
May 29, 2014

CBA Item VIII.C.2.
May 29-30, 2014

Discussion of Mandatory Suspensions in the CBA Disciplinary Guidelines and Model Orders

Presented by: Vincent Johnston, Manager, Enforcement Division
Date: April 10, 2014

Purpose of the Item
At the request of California Board of Accountancy (CBA) President Savoy, this agenda item provides a comparison of violations of the Accountancy Act that require suspension as a minimum penalty in the Proposed Disciplinary Guidelines and Model Orders (Guidelines).

Action(s) Needed
No specific action is required on this agenda item. However, the CBA may choose to modify the Guidelines currently in the regulatory process.

Background
In March 2013, staff began working with the Enforcement Program Oversight Committee (EPOC) to perform the triennial review of the CBA Guidelines. That work continued in May 2013, and was completed in September 2013 when the CBA approved the Guidelines for rulemaking (**Attachment**).

Comments
The Guidelines contain minimum discipline that is discretionary or statutorily mandated depending on the code section violated. For instance, Business and Professions Code (BPC) section 5096 pertains to practice privilege holders, and mandates the minimum penalty for most violations be one year suspension (**Attachment pages 22-24**). However, other BPC sections, such as those in the following chart, are discretionary and the minimum discipline may be set by the CBA as it deems appropriate.

Section	Description	Minimum Penalty	Page Num.
5096.2	Restrictions on Accepting Employment With an Audit Client	Revocation stayed, 30 day suspension, three years probation	15
5100(a)	Conviction of a Crime	Revocation stayed. Actual suspension from practice 120 days. Three years probation	26
5100(b)	False Statements or Omissions in the Application for a License	Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.	27
5100(i)	Fiscal Dishonesty or Breach of Fiduciary Responsibility	Revocation stayed, 30 day suspension, 3 years probation	30
5100(j)	Knowing Preparation, Publication, or Dissemination of False, Fraudulent, or Materially Misleading Financial Statements, Reports, or Information	Revocation stayed, 60 days suspension, 3 years probation	31
5100(k)	Embezzlement, Theft, Misappropriation of Funds or Property	Revocation stayed, 90 day suspension, 3 years probation	31

The minimum penalties described above vary in the required mandatory suspension timeframes, from 30 days for fiscal dishonesty and accepting employment with an audit client to 180 days for false statements on an application for licensure. However, it is important to note that the Guidelines are simply that, a guideline, and the CBA, or an Administrative Law Judge may deviate from them whenever there are aggravating or mitigating circumstances related to the violation. A list of evidence to be considered in aggravation or mitigation is located on pages five and six of the attachment.

Fiscal/Economic Impact Considerations
There is minimal fiscal or economic impact to modifying the Guidelines.

Recommendation
Staff recommends no changes to the Guidelines as evidence in aggravation or mitigation allow for departure from the minimum penalty on an individual, case by case basis.

Attachment
California Board of Accountancy Proposed Disciplinary Guidelines and Model Orders, 9th Edition, 2013.

Attachment

CALIFORNIA BOARD OF ACCOUNTANCY

~~A MANUAL OF DISCIPLINARY GUIDELINES AND MODEL DISCIPLINARY ORDERS~~

~~8TH EDITION, 2013~~

DISCIPLINARY GUIDELINES AND MODEL ORDERS

9TH EDITION, 2013

CALIFORNIA BOARD OF ACCOUNTANCY
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CALIFORNIA BOARD OF ACCOUNTANCY

DISCIPLINARY GUIDELINES
AND
MODEL ~~DISCIPLINARY~~ ORDERS

I. INTRODUCTION

The California Board of Accountancy (CBA) licenses the practice of accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) ~~Section~~section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of ~~California Public Accountants and~~ Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms.~~as well as any alleged violation of the California Accountancy Act.~~ The California Accountancy Act and the CBA regulations ~~of the California Board of Accountancy~~ provide the basis for CBA disciplinary action. (See ~~California~~ ~~Business and Professions Codes~~ ~~Sections~~ BPC sections 5000 et seq., and Title16 California Code of Regulations (CCR) ~~Sections~~ sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See ~~California Business and Professions Code Section~~ BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law (ALJ) Judges, attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model ~~disciplinary~~ orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses are referenced to the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; includes a provision for community service; and provides additional guidance regarding disciplinary and model orders. ~~This revised edition was adopted by the CBA on September 23, 2010.~~

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating circumstances and other factors may necessitate deviations, as discussed herein.

II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

a. Specific code sections violated with their definitions.

b. Clear description of the violation.

c. Respondent's explanation of the violation if he or she is present at the hearing.

d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate (See factors set forth below/~~Section~~ CCR section 99.1).

e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure there from is clearly set forth in the findings and supported by the evidence.

   If the respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke license.

   When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the Administrative Law Judge provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by petitioner to demonstrate rehabilitation, where appropriate. The Petition for Reinstatement Checklist was designed to assist the CBA members and an ALJ with the preparation of a petition for reinstatement. See Attachment 1 for additional information.

f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by ~~Business and Professions Code Section~~BPC section 5107.

g. Imposition of an **Administrative Penalty** if warranted. See section VI for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA’s policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an Administrative Law Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of

reasonable costs of investigation and prosecution (~~California Business and Professions Code Section~~ BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy of requesting and recovering costs where appropriate in stipulated settlements. Restitution to victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated decisions involving **revocation** (no revocation stayed), the order will generally include the requirement that respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of respondent's revoked certificate under ~~Section~~ BPC section 5115 ~~of the California Business and Professions Code.~~

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that respondent engage in no activities for which certification is required (see model disciplinary orders). In addition, the respondent shall relinquish the certificate in question to the CBA and shall notify clients regarding the suspended status of the certificate, if directed to do so by the CBA.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

Restitution should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

III. EVIDENCE IN AGGRAVATION OF PENALTY

The following are among aggravating circumstances to be considered by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.

2. Licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.

3. Licensee's actions resulted in financial damage to his or her clients or other consumers. The amount of loss may be an additional aggravating factor.

4. Violation of CBA probation.

5. Failure to comply with a final citation order.

6. Failure to comply with a notice to appear before the CBA or its designated representatives.

7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to ~~Section~~ CCR section 87.5.

8. Evidence that the licensee has not cooperated with the CBA's investigation.

9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.

10. Duration of violation(s).

11. Evidence that the licensee knew or should have known that his or her actions could harm his or her clients or other consumers.

12. Evidence that the licensee took advantage of his or her client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.

IV. EVIDENCE IN MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the ~~California Board of Accountancy's~~ CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.

2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.

3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 as well as other relevant considerations.

4. Demonstration of remorse by the licensee.

5. Recognition by licensee of his or her wrongdoing and demonstration of corrective action to prevent recurrence.

6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.

7. If violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.

V. REHABILITATION CRITERIA

The CBA's rehabilitation criteria, set forth in ~~Section~~CCR section 99.1, are as follows:

When considering the denial of a certificate or permit under ~~Section~~ BPC section 480~~ of the Business and Professions Code~~, the suspension or revocation of a certificate or permit or restoration of a revoked certificate under ~~Section~~ BPC section 5115~~ of the California Business and Professions Code~~, the CBA, in evaluating the rehabilitation of the applicant and his or her present eligibility for a certificate or permit, will consider the following criteria:

1. Nature and severity of the act(s) or offense(s)~~;~~.

2. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation~~;~~.

3. The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2)~~;~~.

4. The extent to which the applicant or respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or respondent~~;~~.

5. If applicable, evidence of expungement proceedings pursuant to ~~Section~~section 1203.4 of the Penal Code~~;~~.

6. Evidence, if any, of rehabilitation submitted by the applicant or respondent.

VI. ADMINISTRATIVE PENALTIES

~~California Business and Professions Code Section~~ BPC section 5116 et seq. allow the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an Administrative Law Judge to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than $5,000 for the first violation and not more than $10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of ~~Section~~ BPC section 5100, licensed firms may be assessed an administrative penalty of not more than $1,000,000 for the first violation and not more than $5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than $50,000 for the first violation and not more than $100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in ~~Sections~~ BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under ~~California Business and Professions Code Section~~ BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.

2. Nature and extent of actual and potential harm to clients.

3. Nature and severity of the violation.

4. The role of the person in the violation.

5. The person’s attitude toward his or her commission of the violations.

6. Recognition of wrongdoing.

7. Person’s history of violations.

8. Nature and extent of cooperation with the CBA’s investigation.

9. The person’s ability to pay the administrative penalty.

10. The level of administrative penalty necessary to deter future violations.

11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.

12. Nature and extent of restitution to consumers harmed by violations.

13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.

14. Other aggravating or mitigating factors.

VII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model disciplinary order so numbered (See **Model Disciplinary Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

CALIFORNIA ACCOUNTANCY ACT:
BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1

ARTICLE 2

Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, [1,2,4] 3 years probation

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5 Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 54.1)

Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]

4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 68)

ARTICLE 3

Section 5050(a) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE

Except as provided for in ~~Section~~ sections 5050(c), ~~Section~~ 5054, and ~~Section~~ 5096.12, this section applies to a respondent who practices for a time without a valid license to practice or to respondent who practices without obtaining a practice privilege.

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5050(c) PRACTICE WITHOUT PERMIT;TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS

Applies to respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty - ~~Correction of Violation~~ Cease and Desist Letter

Maximum Penalty - ~~Revoke authorization to practice~~ Refer to Prosecutorial Agency for Unlicensed Practice

(See section on Unlicensed Activities.)

~~**Section 5054 PREPARATION OF TAX RETURNS BY INDIVIDUALS AND FIRMS OUTSIDE THE STATE**~~

~~Minimum Penalty - Correction of Violation~~
~~Maximum Penalty - Revoke authorization to practice~~

Section 5055 TITLE OF CERTIFIED PUBLIC ACCOUNTANT/
Section 5056 TITLE OF PUBLIC ACCOUNTANT
(Applies to respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058 USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]

~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 2)

Section 5058.1 TITLES IN CONJUNCTION WITH CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
2. Continuing Education Courses [36]
~~1.~~3.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.3 RETIRED DESIGNATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]

2. Continuing Education Courses [36]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

ARTICLE 3.5

Section 5060 NAME OF FIRM

Minimum Penalty - ~~Continuing Education Courses [25]~~ Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5072)

Section 5061 COMMISSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Peer Review [~~22~~33]
~~9.~~10. CPA Exam [~~23~~34]
~~10.~~11. Samples – Audits, Review or Compilation [~~27~~38]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5100(j))

Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5063 REPORTABLE EVENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~Revocation [1,2]

CONDITIONS OF PROBATION:

Required:
1. ~~3 years probation~~ If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
4. Restricted Practice [28]

~~3.~~5.Ethics Continuing Education [~~20~~31]
~~4.~~6. Regulatory Review Course [~~21~~32]
~~5.~~7. Continuing Education Courses [~~25~~36]
8. Samples – Audit, Review or Compilation [38]
9. Probation from Handling Funds [39]
10. Community Service - Free Services [40]
~~6.~~11. Notice to Clients [~~31~~42]
~~7.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 4

~~**Section 5070.7 FAILURE TO RENEW WITHIN FIVE YEARS**~~

~~Minimum Penalty - Certificate canceled immediately and returned to the Board~~
~~Maximum Penalty - CPA Exam [23]~~

Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5071.2(b) PRACTICE WITH A MILITARY LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5072(a) **REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP**
Applies to licensee(s) in a partnership who practices for a time without partnership license (~~Section~~ section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation of partnership/individual licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(See ~~also~~ section on **Unlicensed Activities.**)

Section 5073(d) **PARTNERSHIP APPLICATIONS (ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5076(a) **PEER REVIEW**

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
7. Peer Review [33]
~~6.~~8. Continuing Education Courses [~~25~~36]
~~7.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 40, 32, 43)

Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 46)

Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION

Minimum Penalty - Continuing ~~education~~ Education Courses for Licensee Owners [~~25~~36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [~~10~~20]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty - Continuing Education Courses [~~25~~36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty - Revocation of partnership or corporate registration and individual licenses [1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed, 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
3.4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 51.1)

ARTICLE 5

Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of Section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued

(Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Minimum/Maximum Penalty - Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5088 INTERIM PRACTICE RIGHTS: OUT OF STATE CPA

Minimum/Maximum Penalty - If Board rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS; ATTEST EXPERIENCE

Minimum Penalty - ~~Correction of Violation~~ Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]

~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. CPA Exam [~~23~~34]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Active License Status [~~26~~36]
~~8.~~9. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty: Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22,~~15-21,23,24]

If warranted:
1. Suspension [3]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~30]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~21~~31]

~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(6), (7), (8), & (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Ethics Continuing Education [~~20~~31]
2. Regulatory Review Course [~~21~~32]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS

Minimum Penalty: Revocation stayed [~~1-2~~1,2, 4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]

~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER

Minimum Penalty: Revocation stayed [~~1-2~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Suspension [3] (Section 5096(g)).
~~2.~~3.Ethics Continuing Education [~~29~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5.5

Section 5097 AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Library Reference Material [~~19~~30]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10.Continuing Education Courses [~~25~~36]
~~10.~~11.Samples - Audits, Review or Compilation [~~27~~38]
~~11.~~12.Community Service – Free Services [~~29~~40]
~~12.~~13.Notice to Clients [~~31~~42]
~~13.~~14.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 68.2, 68.3, 68.4, 68.5)

ARTICLE 6

Section 5100 DISCIPLINE IN GENERAL, (including but not limited to that set forth in subsections (a) through (l) of this ~~Section~~ section)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3. Optional conditions which relate to underlying facts and circumstances; reference conditions listed in 5100 (a)-(j)
~~3.~~4. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA

FOR FELONY CONVICTIONS OR MULTIPLE ~~SEVERAL~~ MISDEMEANOR CONVICTIONS:

Minimum Penalty - Revocation stayed. Actual suspension from practice 120 days. Three years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Engagement Letters [~~18~~29]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Compilation or Review [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

~~13.~~14.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

IN THE CASE OF A <u>SINGLE</u> <u>MISDEMEANOR</u> VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES; ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.

Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION

Minimum Penalty - Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.
Maximum Penalty - Revocation or application denied. [~~1-2~~1,2]

<u>CONDITIONS OF PROBATION</u>:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
<u>1. Probation Monitoring Costs [27]</u>
~~1.~~<u>2.</u> Ethics Continuing Education [~~20~~31]
~~2.~~<u>3.</u> Regulatory Review Course [~~21~~32]
3.<u>4.</u> Continuing Education Courses [~~25~~36]
~~4.~~<u>5.</u> Administrative Penalty not to exceed maximum set forth in ~~Section~~ <u>section</u> 5116 [~~32~~43]

Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

<u>CONDITIONS OF PROBATION</u>:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
<u>3. Probation Monitoring Costs [27]</u>
~~3.~~<u>4.</u>Restricted Practice [~~17~~28]
~~4.~~<u>5.</u>Ethics Continuing Education [~~20~~31]
~~5.~~<u>6.</u>Regulatory Review Course [~~21~~32]
~~6.~~<u>7.</u> Peer Review [~~22~~33]
~~7.~~<u>8.</u> CPA Exam [~~23~~34]

~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notification to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION BY ANY OTHER STATE OR FOREIGN COUNTRY

Minimum Penalty - Revocation stayed [1,2,4], probation 3 years
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120

Section 5120 states "Any person who violates any of the provisions of Article 3 (commencing with ~~Section~~ section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars, or both." Whenever the Board has reason to believe that any person is liable for punishment under this article, the Board, or its designated representatives, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought.

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/" PUBLIC ACCOUNTANCY" DEFINED
5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT
5058	USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED
~~5060~~	~~NAME OF FIRM~~
~~5061~~	~~COMMISSIONS~~
~~5062~~	~~REPORT CONFORMING TO PROFESSIONAL STANDARDS~~

Minimum/Maximum Penalty - See specific statute/regulation violated for recommended penalty

Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD

Minimum/Maximum Penalty - See specific statute or regulation violated for recommended penalty

Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~16~~26]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8. Continuing Education Courses [~~25~~36]

~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~12.~~13. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION

Minimum Penalty - Revocation stayed, 60 days suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 to 5 years probation
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES

Minimum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years

2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7.CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Notice to Clients [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR SECURITIES AND EXCHANGE COMMISSION

Minimum Penalty - Revocation stayed [~~1-2~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF PUBLIC ACCOUNTANCY IN ANOTHER STATE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5101 DISCIPLINE OF PARTNERSHIP

Minimum Penalty - ~~Probation; require CPA or PA partners to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to ensure compliance [10]~~Revocation stayed [1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
~~1.~~2.Supervised Practice [~~15~~25]
~~2.~~3.Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~3.~~5.Restricted Practice [~~17~~28]
~~4.~~6. Engagement Letters [~~18~~29]
~~5.~~7. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

Section 5104 RELINQUISHMENT OF CERTIFICATE OR PERMIT (revocation or suspension)

Minimum/Maximum Penalty - Revocation [~~1-2~~1,2]

Section 5105 ~~**DELINQUENCY IN PAYMENT OF RENEWAL FEE**~~ **RELINQUISHMENT OF CERTIFICATE OR PERMIT** (delinquent)

Minimum/Maximum Penalty – Revocation [1,2]

~~Minimum Penalty - Relinquish certificate [30] which will be reissued under Section 5070.6 guidelines (payment of renewal and delinquency fees and compliance with continuing education guidelines)~~
~~Maximum Penalty - Revocation [1-2]~~

Section 5110(a) **ACTS CONSTITUTING CAUSE FOR BOARD'S DENIAL OF EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR DENIAL OF LICENSE APPLICATION OR REGISTRATION**

Minimum/Maximum Penalty - Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

ARTICLE 7

Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION

See Section 5100(f) and section on **Unlicensed Activities**.

ARTICLE 9

Section 5152 **CORPORATION REPORTS**

Minimum Penalty - Continuing Education Courses [36] for ~~officers of corporation [25]~~ licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

Section 5152.1 **ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE**

Minimum Penalty - ~~Continuing Education for officers of corporation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]
See sections 5050 and 5060(b)

Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED

Minimum Penalty - Continuing Education Courses ~~[25]~~for licensee directors, shareholders, and/or officers of corporation [36]
Maximum Penalty - Revocation of corporate registration [~~1-2~~1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5155 DISQUALIFIED SHAREHOLDER NONPARTICIPATION

Minimum Penalty - ~~Continuing Education Courses [25]~~ Revocation stayed [1,2,4}, 3 years probation
Maximum Penalty - Revocation of individual and corporate license [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5156 UNPROFESSIONAL CONDUCT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [~~25~~36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation of individual and corporate licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If Revocation stayed [4], 3-5 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]

2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31] for licensee directors, shareholders and/or officers
~~3.~~4.Regulatory Review Course [~~21~~32] for licensee directors, shareholders and/or officers
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: An accountancy corporation is bound by the same regulations as individual respondents. See specific statute or regulation violated for recommended penalty.

Section 5158 PRACTICE OF PUBLIC ACCOUNTANCY; MANAGEMENT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [~~10,23~~20,33]

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If Revocation stayed [4], 3-5 years probation
~~1.~~2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Cost [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~8.~~9. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS
TITLE 16 CALIFORNIA CODE OF REGULATIONS

ARTICLE 1: GENERAL

SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - 90 day Suspension [3]

SECTION 5 OBSERVANCE OF RULES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6.Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: Reference the specific regulation for appropriate discipline.

ARTICLE 2: EXAMINATIONS

SECTION 8.2 REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of ~~Section~~ section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 3: PRACTICE PRIVILEGES

SECTION 20 NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS

Minimum Penalty: ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty: 90 day Suspension [3]

CONDITIONS OF PROBATION:
Required:
1. If suspension stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5: REGISTRATION

Section 37.5 FINGERPRINTING

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [32]
4. Continuing Education Courses [36]
5. Administrative Penalty not to exceed maximum set forth in Section 5116 [43]

ARTICLE 6: PEER REVIEW

SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]

2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 44 NOTIFICATION OF EXPULSION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~ 1,2]
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~ 25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~ 28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~9.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~9.~~10. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a)

SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS
Applies to firms that receive a substandard peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(f))

SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a "pass" or "pass with deficiencies" peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty - Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to maximum set forth in section 5116 [43]

SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP

Minimum Penalty - Continuing Education ~~[25]~~Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4Regulatory Review Course [~~21~~32]

~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5079)

SECTION 52 RESPONSE TO BOARD INQUIRY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 53 DISCRIMINATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~ Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. ~~Suspension [3]~~Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Notice to Clients [~~31~~42]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed, [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Continuing Education Courses [~~25~~36]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
6. Engagement Letters [29]
~~5.~~7. Ethics Continuing Education [~~20~~31]
~~6.~~8. Regulatory Review Course [~~21~~32]
~~7.~~9. Continuing Education Courses [~~25~~36]
10. Community Service—Free Services [40]

~~8.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty ~~– Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Engagement Letters [~~18~~29]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Continuing Education Courses [~~25~~36]
~~10.~~11. Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 59 REPORTING OF RESTATEMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 60 REPORTING OF INVESTIGATIONS BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 61 THE REPORTING OF SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [1~~-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 63 ADVERTISING

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 65 INDEPENDENCE

Minimum Penalty - ~~Correction of Violation and/or Continuing Education Courses [25]~~Revocation stayed [1,2,4], 3 years of probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~,4], probation of 3 to 5 years

2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Peer Review [~~22~~33]
~~9.~~10.CPA Exam [~~23~~34]
~~10.~~11.Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 67 APPROVAL OF USE OF FICTITIOUS NAME

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3. Regulatory Review Course [~~21~~32]
~~3.~~4. Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]

~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~10.~~11. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]

~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Peer Review [~~22~~33]
~~7.~~8. CPA Exam [~~23~~24]
~~8.~~9. Samples - Audits, Review or Compilation [~~27~~38]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~9.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9.CPA Exam [~~23~~34]
~~9.~~10.Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12.Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.5 AUDIT DOCUMENTATION RETENTION AND DESTRUCTION POLICY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 69 CERTIFICATION OF APPLICANT'S EXPERIENCE

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6. Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~46]

ARTICLE 11: ACCOUNTANCY CORPORATION RULES

SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples - Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Notification to Clients [~~31~~42]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Revocation of corporate registration [1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY; NOTIFICATION OF NAME AND ADDRESS CHANGES

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Restricted Practice [~~17~~28]
3. Ethics Continuing Education [~~20~~31]
4. Regulatory Review Course [~~21~~32]
5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12: CONTINUING EDUCATION RULES

Section 80 INACTIVE LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]

5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Active License Status [~~26~~37]
~~5.~~6. Samples - Audit, Review or Compilation [~~27~~38]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.6 RECORDS REVIEW CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.8 REGULATORY REVIEW COURSE

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]

Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Continuing Education Courses [~~25~~36]

~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89 CONTROL AND REPORTING

Minimum Penalty - ~~Correction of Violation [25]~~Continuing Education Courses [36]

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2, 4~~], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89.1 REPORTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:

Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]
CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4] 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]

3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12.5: CITATIONS AND FINES

SECTION 95.4 FAILURE TO COMPLY WITH CITATION

Minimum Penalty - Compliance with Citation Abatement Order and/or Fine as issued
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]
2. Restitution [~~16~~26]
3. Compliance with Citation Abatement Order and/or Fine

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

VIOLATION OF PROBATION

Minimum penalty - Citation and Fine ~~(13)~~(19)
Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

California Code of Regulations ~~Section~~ section 95 provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

UNLICENSED ACTIVITIES

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

Section 5050	**Section 5056**	**Section 5072**
Section 5051	**Section 5058**	**Section 5088**
Section 5055	**Section 5071**	

~~Board~~ CCR ~~Section~~ section 95.6 also provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 and an order of abatement against any person defined in Business and Professions Code ~~Section~~ section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.

Section 5120 provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than $1,000 or both. Injunctions may be requested (see ~~Section~~ section 5122 immediately following).

INJUNCTIONS

Section 5122 provides that "Whenever in the judgment of the Board (or with its approval, in the judgment of the Enforcement Advisory Committee), any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, an offense against this chapter, the Board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the Board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.

VIII. MODEL ~~DISCIPLINARY~~ ORDERS

LICENSEES

1. **Revocation** - Single Cause:

   _____License No._____issued
   (Ex: Certified Public Accountant) (Ex: 00000)

   to respondent_____is revoked.
   (Name)

2. **Revocation -** Multiple Causes**:**

   _____License No._____issued to respondent_____is revoked pursuant to Determination(s) of Issues_____separately and for all of them.

3. **Suspension:**

   _____License No._____issued to respondent_____is suspended for _____. During the period of suspension the respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

4. **Standard Stay Order:**

   However,____(revocation/suspension)_____ is stayed and respondent is placed on probation for____years upon the following terms and conditions:

PETITIONS FOR REINSTATEMENT

5. **Grant petition without restrictions on the license:**

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate s hall be fully restored.

6. Grant petition and place license on probation:

The petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for __ years upon the following terms and conditions *(list standard and applicable optional conditions of probation):*

7. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ___ years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

8**. Deny Petition:**

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code, Petitioner may file a new petition for reinstatement only after _____ years have elapsed from the effective date of this decision.
Note: (3 years maximum)

Note: Business and Professions Code section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

9. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to Respondent _____, is revoked.

10. Continuance of Probation:

However, revocation is stayed and respondent is placed on probation for years upon the following terms and conditions:

APPLICANTS

11. Grant application without restrictions on the license:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees.

12. Grant application and place license on probation:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees. However, said license shall immediately be revoked, the order of revocation stayed and respondent's license placed on probation for a period of _____ years on the following conditions:

13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, the revocation shall be stayed, and Respondent shall be placed on probation for a period of ____years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

14. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

STANDARD CONDITIONS OF PROBATION
(TO BE INCLUDED IN ALL CASES OF PROBATION)

15. ~~5.~~**Obey All Laws**
Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

16. ~~6.~~**Cost Reimbursement**
Respondent shall reimburse the Board $_____for its investigation and prosecution costs. The payment shall be made within __ days/months of the date the Board's decision is final.

Option: The payment shall be made as follows: _____[specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

17. ~~7.~~**Submit Written Reports**
Respondent shall submit, within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

18. ~~8.~~**Personal Appearances**
Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

19. ~~9.~~**Comply With Probation**
Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the California Board of Accountancy in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

20. ~~10.~~**Practice Investigation**
Respondent shall be subject to, and shall permit, a practice investigation of the respondent's professional practice. Such a practice investigation shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.

21. ~~11.~~**Comply With Citations**
Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy.

22. ~~12.~~**Tolling of Probation for Out-of-State Residence/Practice**

In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the Board.

23. ~~13.~~**Violation of Probation**

If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, Section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

24. ~~14.~~**Completion of Probation**

Upon successful completion of probation, respondent's license will be fully restored.

OPTIONAL CONDITIONS OF PROBATION
(To Be Included In Cases Where Appropriate)

25. ~~15.~~**Supervised Practice**
Within thirty days of the effective date of this decision, respondent shall submit to the Board or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the Board or its designee. Respondent shall pay all costs for such monitoring.

26. ~~16.~~**Restitution**
Respondent shall make restitution to _____ in the amount of $_____ and shall provide the Board with a written release from _____ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

27. **Probation Monitoring Costs**
Respondent shall pay all costs associated with probation monitoring as determined by the CBA. Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

28. ~~17.~~**Restricted Practice**
Respondent shall be prohibited from _____(performing certain types of engagements such as audits, reviews, compilations, or attestation engagements, etc.), and/or from practice in_____ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.).

29. ~~18.~~**Engagement Letters**
Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the Board or its designee upon request.

30. ~~19.~~**Library Reference Materials**
Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the Board or its designee upon reasonable notice.

31. ~~20.~~**Ethics Continuing Education**
Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: 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; or business ethics, ethical sensitivity, and consumer expectations (within a given period of time or prior

to resumption of practice). Courses must be a minimum of one hour as described in California Code of Regulations ~~Section~~ section 88.2, (Courses will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

32. ~~21.~~**Regulatory Review Course**

Respondent shall complete a CBA-approved course on the provisions of the California Accountancy Act and the California Board of Accountancy Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations (within a given period of time or prior to resumption of practice). The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined. The course shall be (a minimum of ~~two hours~~) two hours.

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

33. ~~22.~~ **Peer Review**

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a certified peer reviewer at respondent's expense. The review shall evaluate the respondent's and his/her firm's system of quality control, including its organizational structure, the policies and procedures established by the firm, and the firm's compliance with its quality control system as determined on the basis of a review of selected engagements. The specific engagements to be reviewed shall be at the discretion of the peer reviewer.

Upon completion of the peer review, respondent shall submit a copy of the report with the reviewer's conclusions and findings to the Board.

34. ~~23.~~**CPA Exam**

Respondent shall take and pass the (section) of the CPA examination (within a given period of time - e.g., within 180 days of the effective date of the decision or within 180 days of completion of educational program, etc. or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent

takes and successfully passes said exam, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

35. ~~24.~~**Enrolled Agents Exam**

Respondent shall take and pass the enrolled agents exam (within a given period of time or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent takes and successfully passes said examination, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

36. ~~25.~~**Continuing Education Courses**

Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time). This ~~(~~shall be~~/shall not be)~~ in addition to continuing education requirements for relicensing.

~~OR~~

~~Respondent shall complete professional education courses as specified by the Board or its designee at the time of respondent's first probation appearance. The professional education courses shall be completed within a period of time designated and specified in writing by the Board or its designee, which time frame shall be incorporated as a condition of this probation. This (shall be/shall not be) in addition to continuing education requirements for relicensing.~~

~~Failure to satisfactorily complete the required courses as scheduled or failure to complete same no later than 100 days prior to the termination of probation shall constitute a violation of probation.~~

37. ~~26.~~**Active License Status**

Respondent shall at all times maintain an active license status with the Board, including during any period of suspension. If the license is expired at the time the Board's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

38. ~~27.~~**Samples - Audit, Review or Compilation**

During the period of probation, if the respondent undertakes an audit, review or compilation engagement, the respondent shall submit to the Board as an attachment to the required quarterly report a listing of the same. The Board or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the Board or its designee upon request.

39. ~~28.~~**Prohibition from Handling Funds**

During the period of probation the respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

40. ~~29.~~**Community Service - Free Services**
Respondent shall participate in a community service program as directed by the Board or its designee in which respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of ____ hours. Such services to begin no later than __ days after respondent is notified of the program and to be completed no later than _____. Respondent shall submit proof of compliance with this requirement to the Board. Respondent is entirely responsible for his or her performance in the program and the Board assumes neither express nor implied responsibility for respondent's performance nor for the product or services rendered.

41. ~~30.~~**Relinquish Certificate**
Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the Board office within 10 days of the effective date of this decision and order.

42. ~~31.~~**Notification to Clients/Cessation of Practice**
In orders that provide for a cessation or suspension of practice, respondent shall comply with procedures provided by the California Board of Accountancy or its designee regarding notification to, and management of, clients.

43. ~~32.~~**Administrative Penalty**
Respondent shall pay to the Board an administrative penalty in the amount of $_____ for violation of Section(s) _____ of the California Accountancy Act. The payment shall be made within __days/months of the date the Board's decision is final.

44. ~~33.~~**Medical Treatment**
Respondent shall undergo and continue treatment by a licensed physician of respondent's choice and approved by the Board or its designee until the treating physician certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is physically fit to practice.

45. ~~34.~~**Psychotherapist**
Respondent shall undergo and continue treatment by a licensed psychotherapist of respondent's choice and approved by the Board or its designee until the treating psychotherapist certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is mentally fit to practice.

46. ~~35.~~**Rehabilitation Program/Chemical Dependence**
Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the Board or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the respondent, within a reasonable period of time as determined by the Board or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the Board or its designee. Respondent is responsible for all costs of such a program.

47. ~~36.~~**Drugs - Abstain From Use**
Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

48. ~~37.~~**Drugs - Screening**
Respondent shall participate or shall have participated in a drug screening program acceptable to the Board and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

49. ~~38.~~**Biological Fluid Testing**
Respondent, at any time during the period of probation, shall fully cooperate with the Board or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the Board or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions ~~33-38~~ 44-49 shall be used when evidence indicates respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by respondent to be a contributing factor to the violation(s).

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item IX.A.
May 29-30, 2014

Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 98 – Disciplinary Guidelines and Model Orders 9th Edition, 2013

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 8, 2014

Purpose of the Item
The purpose of this agenda item is to provide information from the rulemaking file for the use of California Board of Accountancy (CBA) members during the regulatory hearing.

Action(s) Needed
None.

Background
At its September 2013 meeting, the CBA directed staff to move forward with the rulemaking process to revise and update the Disciplinary Guidelines and Model Orders. These changes would protect consumers by providing the CBA and Administrative Law Judges with updated guidelines to reference when imposing disciplinary action on licensees and provide standards for the consistent and appropriate enforcement of the laws under the CBA's jurisdiction.

The Notice of Proposed Action was filed with the Office of Administrative Law (OAL) on March 11, 2014 and published on March 21, 2014, thus initiating the required 45-day public comment period. May 5, 2014, marks the end of the public comment period, and on May 30, 2014, during the CBA meeting, a public hearing will be conducted on the proposed action.

Comments
The following attachments will aid in your preparation for the hearing:

- Notice of Proposed Action (**Attachment 1**)
- Proposed Regulatory Language (**Attachment 2**)
- Initial Statement of Reasons (**Attachment 3**)

During the public hearing the CBA members may hear oral testimony and receive written comments. If any changes are made as a result of these comments, a 15-day Notice of Modified Text will be required. As of the date of this memo, staff have not received any public comments in relation to this regulatory package. Any comments

received after the CBA mail out will be supplied to the CBA members at the meeting. The CBA may act to adopt the proposed regulations under CBA **Agenda Item IX.B.** Prior to submitting the final regulation package to OAL, staff will draft responses to any comments and prepare the Final Statement of Reasons for distribution to all persons who provided comments.

Recommendation

No specific action is required on this agenda item.

Attachments

1. Notice of Proposed Action
2. Proposed Regulatory Language
3. Initial Statement of Reasons

TITLE 16. California Board of Accountancy

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at Hilton Los Angeles Airport, 5711 West Century Boulevard, Los Angeles, California 90045, at 9:00 A.M., on May 30, 2014. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than 5:00 p.m. on May 5, 2014 or must be received by the CBA at the hearing. The CBA, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010, 5018 and 5116, Business and Professions Code; and Section 11400.20, Government Code, and to implement, interpret, or make specific Sections 5018, 5096, 5096.5, 5096.12, 5100 and 5116-5116.6, Business and Professions Code; and Section 11425.50(e), Government Code, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST

Informative Digest

Existing law, California Government Code Section 11425.50(e), specifies that a penalty may not be based on a guideline, criterion, bulletin, manual, instruction, order, standard of general application or other rule unless it has been adopted as a regulation. Section 98 of Title 16 of the California Code of Regulations (CCR) incorporates by reference the California Board of Accountancy's "A Manual of Disciplinary Guidelines and Model Disciplinary Orders, 9th edition, 2013" (Disciplinary Guidelines). Section 5116 of the Business and Professions Code (BPC) requires the CBA to establish criteria for assessing administrative penalties. In addition, section 5100 provides the CBA the authority to discipline a license.

The regulatory proposal is as follows:

1. Amend Section 98 of Title 16 of the California Code of Regulations

This proposal incorporates by reference the CBA's 9th edition of "Disciplinary Guidelines and Model Orders." The guidelines are updated to add, remove, and amend various provisions, including "general considerations" for proposed decisions (p. 3-4).

Specifically, guidelines for violating the following are being amended in the document:

- Business and Professions Code (see pp. 10-38)
    - Section 5037(a) – Ownership of accountants' workpapers
    - Section 5037(b)(1)(2) – Return of client documents
    - Section 5050(a) – Practice without permit; temporary practice
    - Section 5050(c) – Practice without permit; temporary practice; foreign accountants
    - Section 5055/Section 5056 – Title of Certified Public Account and title of Public Accountant
    - Section 5058 – Use of confusing title or designations prohibited
    - Section 5058.1 – Titles in conjunction with certified public accountant or public accountant
    - Section 5058.2 – Inactive designation
    - Section 5058.3 – Retired designation
    - Section 5060 – Name of firm
    - Section 5061 – Commissions
    - Section 5062 – Report conforming to professional standards
    - Section 5062.2 – Restrictions on accepting employment with an audit client
    - Section 5063 – Reportable events
    - Section 5063.3 – Confidential information disclosure
    - Section 5072(a) – Requirements for registration as a partnership
    - Section 5073(d) – Partnership applications (Admission or withdrawal of partner)
    - Section 5076(a) – Peer review
    - Section 5076(f) – Peer review – Document submission requirement
    - Section 5078 – Offices not under personal management of certified public accountant or public accountant; supervision
    - Section 5079(a)(b)(d) – Nonlicensee ownership of firms
    - Section 5081(a) – Requirements for admission to certified public accountant examination (acts denying admission to exam)
    - Section 5081(b),(c) – Requirements for admission to certified public accountant examination
    - Section 5088 – Interim practice rights: out of state CPA
    - Section 5095(a) – Minimum number of attest services hours; attest experience
    - Section 5096(d) – Practicing through an unregistered firm
    - Section 5096(e)(2) – Comply with rules, laws, and standards
    - Section 5096(e)(3) – Practice from an unauthorized office in this state
    - Section 5096(e)(5) – Cooperate with board
    - Section 5096(e)(6), (7), (8), & (9) – Failure to cease exercising the practice privilege
    - Section 5096(f) – Failure to notify the board/cease practice
    - Section 5096(i) – Failure to file pre-notification form
    - Section 5096.5 – Unauthorized signing of attest reports
    - Section 5096.12 – Firm practicing without a practice privilege holder
    - Section 5097 – Audit documentation
    - Section 5100 – Discipline in General

- Section 5100(a) – Conviction of any crime substantially related to the qualifications, functions and duties of a CPA/PA
- Section 5100(b) – Fraud or deceit in obtaining license/permit/registration
- Section 5100(c) – Dishonesty, fraud, gross negligence, or repeated acts of negligence in the practice of public accountancy or the performance of bookkeeping
- Section 5100(d) – Cancellation, revocation or suspension by any other state or foreign country
- Section 5100e) – Violation of provisions of section 5097
- Section 5100(f) – Violations of provisions of section 5120
- Section 5100(h) – Suspension or revocation of the right to practice before any governmental body or agency
- Section 5100(i) – Fiscal dishonesty or breach of fiduciary responsibility of any kind
- Section 5100(j) – Knowing preparation, publication or dissemination of false, fraudulent, or materially misleading financial statements, reports, or information
- Section 5100(k) – Embezzlement, theft, misappropriation of funds or property, or obtaining money, property or other valuable consideration by fraudulent means or false pretenses
- Section 5100(l) – Discipline, penalty, or sanction by the public company accounting oversight board or securities and exchange commission
- Section 5100(m) – Unlawfully engaging in practice of public accountancy in another state
- Section 5101 – Discipline of partnership
- Section 5104 – Relinquishment of certificate or permit (revocation or suspension)
- Section 5105 – Relinquishment of certificate or permit (delinquent)
- Section 5110(a) – Acts constituting cause for board's denial of exam application or admission, voidance of grades, or denial of license application or registration
- Section 5152 – Corporation reports
- Section 5152.1 – Accountancy corporation renewal of permit to practice
- Section 5154 – Directors, shareholders, and officers must be licensed
- Section 5155 – Disqualified shareholder nonparticipation
- Section 5156 – Unprofessional conduct (accountancy corporation)
- Section 5158 – Practice of public accountancy; management (accountancy corporation)

- California Code of Regulations (Title 16) (pp. 39-61)
  - Section 3 – Notification of change of address
  - Section 5 – Observance of rules
  - Section 8.2 – Requirements for issuance of the authorization to test
  - Section 20 – Notification of change of information for registered out-of-state accounting firms
  - Section 40(a)(b)(c) – Enrollment and participation (Peer Review)
  - Section 41 – Firm responsibilities
  - Section 43 – Extensions

- Section 44 – Notification of expulsion
- Section 45 – Reporting to board
- Section 46(a) – Document submission requirements (substandard peer review)
- Section 46(b) – Document submission requirements (“pass” or “pass with deficiencies” ratings)
- Section 50 – Client Notification
- Section 51 – Firms with nonlicensee owners
- Section 51.1 – Notification of non-licensee ownership
- Section 52 – Response to board inquiry
- Section 53 – Discrimination prohibited
- Section 54.1 – Disclosure of confidential information prohibited
- Section 54.2 – Recipients of confidential information
- Section 56 – Commissions – basic disclosure requirement
- Section 56.1 – Commissions – professional services provided to client
- Section 57 – Incompatible occupations and conflict of interest
- Section 58 – Compliance with standards
- Section 59 – Reporting of restatements
- Section 60 – Reporting of investigations by the public company accounting oversight board
- Section 61 – The reporting of settlements, arbitration awards, and judgments
- Section 62 – Contingent fees
- Section 63 – Advertising
- Section 65 – Independence
- Section 67 – Approval of use of fictitious name
- Section 68 – Retention of client’s records
- Section 68.1 – Working papers defined; retention
- Section 68.2 – Components of audit documentation
- Section 68.3 – Retention period for audit documentation
- Section 68.4 – Changes in audit documentation after issuance of report
- Section 68.5 – Audit documentation retention and destruction policy
- Section 69 – Certification of applicant’s experience
- Section 75.8 – Security for claims against an accountancy corporation
- Section 75.9 – Shares: ownership and transfer
- Section 75.11(b) – Certification of registration; continuing validity; notification of name and address changes
- Section 81(a) – Continuing education requirements for renewing an expired license
- Section 87 – Basic requirements (continuing education)
- Section 87.5 – Additional continuing education requirements
- Section 87.6 – Records review continuing education requirements
- Section 87.8 – Regulatory review course
- Section 89 – Control and reporting
- Section 89.1 – Reports
- Section 90 – Exceptions and extensions
- Section 95.4 – Failure to comply with citation

Guidelines for violating the following are being added to the document:

- Business and Professions Code
    - Section 5070.1(b) – Practice with a retired license status (p.17)
    - Section 5071.2(b) – Practice with a military license status (p.17)
    - Section 37.5 – Fingerprinting (p.40)

- California Code of Regulations
    - Section 50.1 – Attest Client Notification (p. 43)
    - Section 80 – Inactive Licensee status(p. 56)

Guidelines for violating the following are being removed from the document:

- Business and Professions Code
    - Section 5070.7 – Failure to renew within five years (p.17)
    - Section 5054 – Preparation of tax returns (p.12)

The following Model Orders are being added to the document: (p. 63-65)

- 5. Grant petition without restrictions on the license
- 6. Grant petition and place license on probation
- 7. Grant petition and place license on probation after petitioner complete conditions precedent to reinstatement of the license
- 8. Deny petition
- 9. Revocation of probation
- 10. Continuance of probation
- 11.Grant application without restrictions on the license
- 12. Grant application and place license on probation
- 13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license
- 14. Deny application

The following Optional Conditions of Probation are being added to the document:

- 27. Probation monitoring costs (p. 68)

The following Optional Conditions of Probation are being amended in the document:

- 36. Continuing education courses (p. 70)

<u>Policy Statement Overview/Anticipated Benefits of Proposal</u>

This proposal is anticipated to protect consumers by providing the CBA and Administrative Law Judges (ALJ) with updated guidelines to reference when imposing disciplinary action on licensees and providing standards for the consistent and appropriate enforcement of the laws under the CBA's jurisdiction.

<u>Consistency and Compatibility with Existing State Regulations</u>

During the process of developing these regulations and amendments, CBA has conducted a search of any similar regulations on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state

regulations.

INCORPORATION BY REFERENCE

"A Manual of Disciplinary Guidelines and Model Disciplinary Orders" (9th edition, 2013)

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: The cost is insignificant as the predominant form of dissemination for these would be via the CBA website. Printing of the Disciplinary Guidelines would be by request only. In addition, the CBA would be further reimbursed from costs associated with probation monitoring, which may total to $76,500 to $95,625 annually.

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

The following studies/relevant data were relied upon in making the above determination:

The CBA currently regulates approximately 88,000 CPAs, 3,900 Accountancy Corporations, and 1,400 CPA Partnerships. The proposed action does not increase or decrease the penalties that may result after discipline is imposed in an administrative disciplinary action, but rather provides for consistency in application. Any "adverse economic impact" would only occur as the result of a disciplinary order following a formal administrative proceeding and a finding of fact affirming a violation of the CBA's laws or regulations and would only affect individuals who are disciplined by the CBA. Any potential "adverse economic impact" may be avoided simply by complying with the law.

Cost Impact on Representative Private Person or Business:

The CBA does not believe that the Disciplinary Guidelines will have a significant adverse economic impact on businesses as it only affects individuals and those businesses that are disciplined for violations of the Accountancy Act or CBA regulations. Therefore, the overall economic impact on businesses is deemed as

insignificant.

The CBA speculates that converting the minimum penalty from “correction of violation” to “Continuing Education” for Business and Professions Code (BPC) sections 5058.2, 5063, 5076(a), and 5076(f), and California Code of Regulation (CCR) Title 16, sections 20, 40(a)(b)(c), 44, 45, 46(a), 46(b), 50, 51, 56.1, 59, 60, 61, 62, 63, 67, 75.8, 75.9, 75.11(b), 81(a), 87, 87.5, 87.8, 89, and 89.1 will not have an economic impact. The CBA also speculates that including CE in the minimum penalty for the new BPC sections 5058.3, 5070.1(b), and 5070.2(b), and CCR Title 16, sections 37.5, 50.1, 69, 80, and 87.6 will not have an adverse economic impact. CCR, Title 16, section 87.5 already provides the CBA the authority to require any licensee to complete continuing education following an investigation or hearing, and the CBA has not used the minimum penalty in recent years. The addition of Continuing Education in the Disciplinary Guidelines only restates the CBA’s authority. Therefore, the new education requirements will not change the economic impact or the CBA’s behavior on disciplining licensees.

Probation Monitoring Cost is an optional condition of probation, which the CBA has the discretion to use or not to use. Within the next three fiscal years, the CBA estimates that there will be approximately 40-50 cases annually associated with probation monitoring. Each case requires approximately 18.75 hours for an Associate Governmental Program Analyst (AGPA), which adds to a total of 800 AGPA hours in probation workload annually. To reimburse the cost of an AGPA’s time, the CBA charges $102 per hour for probation monitoring. Therefore, the economic impact to licensees would amount to approximately $1,900 for a single case, and a total economic impact of $76,500 to $95,625 annually.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The CBA does not believe that this regulatory proposal would have a significant adverse impact on business as it only affects individuals and those businesses that are disciplined for violations of the Accountancy Act and CBA regulations. Businesses operated by licensees who are in compliance with the law will not incur any fiscal impact.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state's environment:

The proposed regulatory change would improve clarity for administrative law judges and staff on what discipline to impose on licensees who violate the Accountancy Act and CBA regulations.

CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml and may also be obtained at the hearing or prior to the hearing upon request from the CBA at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Andrew Breece
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1782
Fax No.:	(916) 263-3678
E-Mail Address:	Andrew.breece@cba.ca.gov

The backup contact person is:

Name:	Matthew Stanley
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1792
Fax No.:	(916) 263-3678
E-Mail Address:	mstanley@cba.ca.gov

Website Access: Materials regarding this proposal can be found at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml.

Proposed Regulatory Language

§ 98. Disciplinary Guidelines.

In reaching a decision on a disciplinary action under the Administrative Procedure Act (Government Code Section 11400 et seq.), the Board shall consider the disciplinary guidelines entitled ~~"A Manual of Disciplinary Guidelines and Model Disciplinary Orders" (8th edition, 2013)~~ "Disciplinary Guidelines and Model Orders" (9th edition, 2013) which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Board in its sole discretion determines that the facts of the particular case warrant such a deviation -for example: the presence of mitigating factors; the age of the case; evidentiary problems.

NOTE: Authority cited: Sections 5010, 5018 and 5116, Business and Professions Code; and Section 11400.20, Government Code. Reference: Sections 5018, 5096, 5096.5, 5096.12, 5100 and 5116-5116.6, Business and Professions Code; and Section 11425.50(e), Government Code.

CALIFORNIA BOARD OF ACCOUNTANCY

~~A MANUAL OF DISCIPLINARY GUIDELINES AND MODEL DISCIPLINARY ORDERS~~

~~8TH EDITION, 2013~~

DISCIPLINARY GUIDELINES AND MODEL ORDERS

9TH EDITION, 2013

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CALIFORNIA BOARD OF ACCOUNTANCY

DISCIPLINARY GUIDELINES
AND
MODEL ~~DISCIPLINARY~~ ORDERS

I. INTRODUCTION

The California Board of Accountancy (CBA) licenses the practice of accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) ~~Section~~section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of ~~California Public Accountants and~~ Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms.~~as well as any alleged violation of the California Accountancy Act.~~ The California Accountancy Act and the CBA regulations ~~of the California Board of Accountancy~~ provide the basis for CBA disciplinary action. (See ~~California~~ ~~Business and Professions Codes~~ ~~Sections~~ BPC sections 5000 et seq., and Title16 California Code of Regulations (CCR) ~~Sections~~ sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See ~~California Business and Professions Code Section~~ BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law (ALJ) Judges, attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model ~~disciplinary~~ orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses are referenced to the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; includes a provision for community service; and provides additional guidance regarding disciplinary and model orders. ~~This revised edition was adopted by the CBA on September 23, 2010.~~

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating circumstances and other factors may necessitate deviations, as discussed herein.

II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

a. Specific code sections violated with their definitions.

b. Clear description of the violation.

c. Respondent's explanation of the violation if he or she is present at the hearing.

d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate (See factors set forth below/~~Section~~ CCR section 99.1).

e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure there from is clearly set forth in the findings and supported by the evidence.

   If the respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke license.

   When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the Administrative Law Judge provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by petitioner to demonstrate rehabilitation, where appropriate. The Petition for Reinstatement Checklist was designed to assist the CBA members and an ALJ with the preparation of a petition for reinstatement. See Attachment 1 for additional information.

f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by ~~Business and Professions Code Section~~BPC section 5107.

g. Imposition of an **Administrative Penalty** if warranted. See section VI for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA’s policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an Administrative Law Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of

reasonable costs of investigation and prosecution (~~California Business and Professions Code Section~~ BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy of requesting and recovering costs where appropriate in stipulated settlements. Restitution to victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated decisions involving **revocation** (no revocation stayed), the order will generally include the requirement that respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of respondent's revoked certificate under ~~Section~~ BPC section 5115 ~~of the California Business and Professions Code.~~

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that respondent engage in no activities for which certification is required (see model disciplinary orders). In addition, the respondent shall relinquish the certificate in question to the CBA and shall notify clients regarding the suspended status of the certificate, if directed to do so by the CBA.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

Restitution should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

III. EVIDENCE IN AGGRAVATION OF PENALTY

The following are among aggravating circumstances to be considered by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.

2. Licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.

3. Licensee's actions resulted in financial damage to his or her clients or other consumers. The amount of loss may be an additional aggravating factor.

4. Violation of CBA probation.

5. Failure to comply with a final citation order.

6. Failure to comply with a notice to appear before the CBA or its designated representatives.

7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to ~~Section~~ CCR section 87.5.

8. Evidence that the licensee has not cooperated with the CBA's investigation.

9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.

10. Duration of violation(s).

11. Evidence that the licensee knew or should have known that his or her actions could harm his or her clients or other consumers.

12. Evidence that the licensee took advantage of his or her client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.

IV. EVIDENCE IN MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the ~~California Board of Accountancy's~~ CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.

2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.

3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 as well as other relevant considerations.

4. Demonstration of remorse by the licensee.

5. Recognition by licensee of his or her wrongdoing and demonstration of corrective action to prevent recurrence.

6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.

7. If violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.

V. REHABILITATION CRITERIA

The CBA's rehabilitation criteria, set forth in ~~Section~~CCR section 99.1, are as follows:

When considering the denial of a certificate or permit under ~~Section~~ BPC section 480~~ of the Business and Professions Code~~, the suspension or revocation of a certificate or permit or restoration of a revoked certificate under ~~Section~~ BPC section 5115~~ of the California Business and Professions Code~~, the CBA, in evaluating the rehabilitation of the applicant and his or her present eligibility for a certificate or permit, will consider the following criteria:

1. Nature and severity of the act(s) or offense(s)~~;~~.

2. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation~~;~~.

3. The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2)~~;~~.

4. The extent to which the applicant or respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or respondent~~;~~.

5. If applicable, evidence of expungement proceedings pursuant to ~~Section~~section 1203.4 of the Penal Code~~;~~.

6. Evidence, if any, of rehabilitation submitted by the applicant or respondent.

VI. ADMINISTRATIVE PENALTIES

~~California Business and Professions Code Section~~ BPC section 5116 et seq. allow the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an Administrative Law Judge to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than $5,000 for the first violation and not more than $10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of ~~Section~~ BPC section 5100, licensed firms may be assessed an administrative penalty of not more than $1,000,000 for the first violation and not more than $5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than $50,000 for the first violation and not more than $100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in ~~Sections~~ BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under ~~California Business and Professions Code Section~~ BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.

2. Nature and extent of actual and potential harm to clients.

3. Nature and severity of the violation.

4. The role of the person in the violation.

5. The person’s attitude toward his or her commission of the violations.

6. Recognition of wrongdoing.

7. Person’s history of violations.

8. Nature and extent of cooperation with the CBA’s investigation.

9. The person’s ability to pay the administrative penalty.

10. The level of administrative penalty necessary to deter future violations.

11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.

12. Nature and extent of restitution to consumers harmed by violations.

13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.

14. Other aggravating or mitigating factors.

VII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model disciplinary order so numbered (See **Model Disciplinary Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

CALIFORNIA ACCOUNTANCY ACT:
BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1

ARTICLE 2

Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, [1,2,4] 3 years probation

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5 Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 54.1)

Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]

4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 68)

ARTICLE 3

Section 5050(a) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE

Except as provided for in ~~Section~~ sections 5050(c), ~~Section~~ 5054, and ~~Section~~ 5096.12, this section applies to a respondent who practices for a time without a valid license to practice or to respondent who practices without obtaining a practice privilege.

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5050(c) PRACTICE WITHOUT PERMIT;TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS

Applies to respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty - ~~Correction of Violation~~ Cease and Desist Letter

Maximum Penalty - ~~Revoke authorization to practice~~ Refer to Prosecutorial Agency for Unlicensed Practice

(See section on Unlicensed Activities.)

~~**Section 5054 PREPARATION OF TAX RETURNS BY INDIVIDUALS AND FIRMS OUTSIDE THE STATE**~~

~~Minimum Penalty - Correction of Violation~~
~~Maximum Penalty - Revoke authorization to practice~~

Section 5055 TITLE OF CERTIFIED PUBLIC ACCOUNTANT/
Section 5056 TITLE OF PUBLIC ACCOUNTANT
(Applies to respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058 USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]

~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 2)

Section 5058.1 TITLES IN CONJUNCTION WITH CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
2. Continuing Education Courses [36]
~~1.~~3.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.3 RETIRED DESIGNATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]

2. Continuing Education Courses [36]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

ARTICLE 3.5

Section 5060 NAME OF FIRM

Minimum Penalty - ~~Continuing Education Courses [25]~~ Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5072)

Section 5061 COMMISSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Peer Review [~~22~~33]
~~9.~~10. CPA Exam [~~23~~34]
~~10.~~11. Samples – Audits, Review or Compilation [~~27~~38]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5100(j))

Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5063 REPORTABLE EVENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~Revocation [1,2]

CONDITIONS OF PROBATION:

Required:
1. ~~3 years probation~~ If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
4. Restricted Practice [28]

~~3.~~5.Ethics Continuing Education [~~20~~31]
~~4.~~6. Regulatory Review Course [~~21~~32]
~~5.~~7. Continuing Education Courses [~~25~~36]
8. Samples – Audit, Review or Compilation [38]
9. Probation from Handling Funds [39]
10. Community Service - Free Services [40]
~~6.~~11. Notice to Clients [~~31~~42]
~~7.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 4

~~**Section 5070.7 FAILURE TO RENEW WITHIN FIVE YEARS**~~

~~Minimum Penalty - Certificate canceled immediately and returned to the Board~~
~~Maximum Penalty - CPA Exam [23]~~

Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5071.2(b) PRACTICE WITH A MILITARY LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5072(a) **REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP**
Applies to licensee(s) in a partnership who practices for a time without partnership license (~~Section~~ section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation of partnership/individual licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(See ~~also~~ section on **Unlicensed Activities.**)

Section 5073(d) **PARTNERSHIP APPLICATIONS (ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5076(a) **PEER REVIEW**

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
7. Peer Review [33]
~~6.~~8. Continuing Education Courses [~~25~~36]
~~7.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 40, 32, 43)

Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 46)

Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION

Minimum Penalty - Continuing ~~education~~ Education Courses for Licensee Owners [~~25~~36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [~~10~~20]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty - Continuing Education Courses [~~25~~36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty - Revocation of partnership or corporate registration and individual licenses [1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed, 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
3.4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 51.1)

ARTICLE 5

Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of Section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued

(Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Minimum/Maximum Penalty - Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5088 INTERIM PRACTICE RIGHTS: OUT OF STATE CPA

Minimum/Maximum Penalty - If Board rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS; ATTEST EXPERIENCE

Minimum Penalty - ~~Correction of Violation~~ Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]

~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. CPA Exam [~~23~~34]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Active License Status [~~26~~36]
~~8.~~9. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty: Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22,~~15-21,23,24]

If warranted:
1. Suspension [3]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~30]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~21~~31]

~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(6), (7), (8), & (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Ethics Continuing Education [~~20~~31]
2. Regulatory Review Course [~~21~~32]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS

Minimum Penalty: Revocation stayed [~~1-2~~1,2, 4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]

~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER

Minimum Penalty: Revocation stayed [~~1-2~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Suspension [3] (Section 5096(g)).
~~2.~~3.Ethics Continuing Education [~~29~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5.5

Section 5097 AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Library Reference Material [~~19~~30]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10.Continuing Education Courses [~~25~~36]
~~10.~~11.Samples - Audits, Review or Compilation [~~27~~38]
~~11.~~12.Community Service – Free Services [~~29~~40]
~~12.~~13.Notice to Clients [~~31~~42]
~~13.~~14.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 68.2, 68.3, 68.4, 68.5)

ARTICLE 6

Section 5100 DISCIPLINE IN GENERAL, (including but not limited to that set forth in subsections (a) through (l) of this ~~Section~~ section)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3. Optional conditions which relate to underlying facts and circumstances; reference conditions listed in 5100 (a)-(j)
~~3.~~4. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA

FOR FELONY CONVICTIONS OR MULTIPLE ~~SEVERAL~~ MISDEMEANOR CONVICTIONS:

Minimum Penalty - Revocation stayed. Actual suspension from practice 120 days. Three years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Engagement Letters [~~18~~29]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Compilation or Review [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

~~13.~~14.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

IN THE CASE OF A <u>SINGLE</u> <u>MISDEMEANOR</u> VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES; ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.

Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION

Minimum Penalty - Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.
Maximum Penalty - Revocation or application denied. [~~1-2~~1,2]

<u>CONDITIONS OF PROBATION</u>:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
<u>1. Probation Monitoring Costs [27]</u>
~~1.~~<u>2.</u> Ethics Continuing Education [~~20~~31]
~~2.~~<u>3.</u> Regulatory Review Course [~~21~~32]
3.<u>4.</u> Continuing Education Courses [~~25~~36]
~~4.~~<u>5.</u> Administrative Penalty not to exceed maximum set forth in ~~Section~~ <u>section</u> 5116 [~~32~~43]

Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

<u>CONDITIONS OF PROBATION</u>:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
<u>3. Probation Monitoring Costs [27]</u>
~~3.~~<u>4.</u>Restricted Practice [~~17~~28]
~~4.~~<u>5.</u>Ethics Continuing Education [~~20~~31]
~~5.~~<u>6.</u>Regulatory Review Course [~~21~~32]
~~6.~~<u>7.</u> Peer Review [~~22~~33]
~~7.~~<u>8.</u> CPA Exam [~~23~~34]

~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notification to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION BY ANY OTHER STATE OR FOREIGN COUNTRY

Minimum Penalty - Revocation stayed [1,2,4], probation 3 years
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:

1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120

Section 5120 states "Any person who violates any of the provisions of Article 3 (commencing with ~~Section~~ section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars, or both." Whenever the Board has reason to believe that any person is liable for punishment under this article, the Board, or its designated representatives, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought.

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/" PUBLIC ACCOUNTANCY" DEFINED
5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT
5058	USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED
~~5060~~	~~NAME OF FIRM~~
~~5061~~	~~COMMISSIONS~~
~~5062~~	~~REPORT CONFORMING TO PROFESSIONAL STANDARDS~~

Minimum/Maximum Penalty - See specific statute/regulation violated for recommended penalty

Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD

Minimum/Maximum Penalty - See specific statute or regulation violated for recommended penalty

Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~16~~26]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8. Continuing Education Courses [~~25~~36]

~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~12.~~13. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION

Minimum Penalty - Revocation stayed, 60 days suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 to 5 years probation
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES

Minimum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years

2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7.CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Notice to Clients [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR SECURITIES AND EXCHANGE COMMISSION

Minimum Penalty - Revocation stayed [~~1-2~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF PUBLIC ACCOUNTANCY IN ANOTHER STATE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5101 DISCIPLINE OF PARTNERSHIP

Minimum Penalty - ~~Probation; require CPA or PA partners to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to ensure compliance [10]~~Revocation stayed [1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
~~1.~~2.Supervised Practice [~~15~~25]
~~2.~~3.Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~3.~~5.Restricted Practice [~~17~~28]
~~4.~~6. Engagement Letters [~~18~~29]
~~5.~~7. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

Section 5104 RELINQUISHMENT OF CERTIFICATE OR PERMIT (revocation or suspension)

Minimum/Maximum Penalty - Revocation [~~1-2~~1,2]

Section 5105 ~~**DELINQUENCY IN PAYMENT OF RENEWAL FEE**~~ **RELINQUISHMENT OF CERTIFICATE OR PERMIT** (delinquent)

Minimum/Maximum Penalty – Revocation [1,2]

~~Minimum Penalty - Relinquish certificate [30] which will be reissued under Section 5070.6 guidelines (payment of renewal and delinquency fees and compliance with continuing education guidelines)~~
~~Maximum Penalty - Revocation [1-2]~~

Section 5110(a) **ACTS CONSTITUTING CAUSE FOR BOARD'S DENIAL OF EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR DENIAL OF LICENSE APPLICATION OR REGISTRATION**

Minimum/Maximum Penalty - Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

ARTICLE 7

Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION

See Section 5100(f) and section on **Unlicensed Activities**.

ARTICLE 9

Section 5152 **CORPORATION REPORTS**

Minimum Penalty - Continuing Education Courses [36] for ~~officers of corporation [25]~~ licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

Section 5152.1 **ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE**

Minimum Penalty - ~~Continuing Education for officers of corporation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]
See sections 5050 and 5060(b)

Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED

Minimum Penalty - Continuing Education Courses ~~[25]~~for licensee directors, shareholders, and/or officers of corporation [36]
Maximum Penalty - Revocation of corporate registration [~~1-2~~1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5155 DISQUALIFIED SHAREHOLDER NONPARTICIPATION

Minimum Penalty - ~~Continuing Education Courses [25]~~ Revocation stayed [1,2,4}, 3 years probation
Maximum Penalty - Revocation of individual and corporate license [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5156 UNPROFESSIONAL CONDUCT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [~~25~~36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation of individual and corporate licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If Revocation stayed [4], 3-5 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]

2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31] for licensee directors, shareholders and/or officers
~~3.~~4.Regulatory Review Course [~~21~~32] for licensee directors, shareholders and/or officers
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: An accountancy corporation is bound by the same regulations as individual respondents. See specific statute or regulation violated for recommended penalty.

Section 5158 PRACTICE OF PUBLIC ACCOUNTANCY; MANAGEMENT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [~~10,23~~20,33]

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If Revocation stayed [4], 3-5 years probation
~~1.~~2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Cost [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~8.~~9. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS
TITLE 16 CALIFORNIA CODE OF REGULATIONS

ARTICLE 1: GENERAL

SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - 90 day Suspension [3]

SECTION 5 OBSERVANCE OF RULES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6.Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: Reference the specific regulation for appropriate discipline.

ARTICLE 2: EXAMINATIONS

SECTION 8.2 REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of ~~Section~~ section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 3: PRACTICE PRIVILEGES

SECTION 20 NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS

Minimum Penalty: ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty: 90 day Suspension [3]

CONDITIONS OF PROBATION:
Required:
1. If suspension stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5: REGISTRATION

Section 37.5 FINGERPRINTING

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [32]
4. Continuing Education Courses [36]
5. Administrative Penalty not to exceed maximum set forth in Section 5116 [43]

ARTICLE 6: PEER REVIEW

SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]

2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 44 NOTIFICATION OF EXPULSION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~ 1,2]
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~ 25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~ 28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~9.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~9.~~10. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a)

SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS
Applies to firms that receive a substandard peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(f))

SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a "pass" or "pass with deficiencies" peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty - Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to maximum set forth in section 5116 [43]

SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP

Minimum Penalty - Continuing Education ~~[25]~~Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4Regulatory Review Course [~~21~~32]

~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5079)

SECTION 52 RESPONSE TO BOARD INQUIRY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 53 DISCRIMINATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~ Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. ~~Suspension [3]~~Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Notice to Clients [~~31~~42]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed, [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Continuing Education Courses [~~25~~36]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
6. Engagement Letters [29]
~~5.~~7. Ethics Continuing Education [~~20~~31]
~~6.~~8. Regulatory Review Course [~~21~~32]
~~7.~~9. Continuing Education Courses [~~25~~36]
10. Community Service—Free Services [40]

~~8.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty ~~– Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Engagement Letters [~~18~~29]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Continuing Education Courses [~~25~~36]
~~10.~~11. Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 59 REPORTING OF RESTATEMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 60 REPORTING OF INVESTIGATIONS BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 61 THE REPORTING OF SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [1~~-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 63 ADVERTISING

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 65 INDEPENDENCE

Minimum Penalty - ~~Correction of Violation and/or Continuing Education Courses [25]~~Revocation stayed [1,2,4], 3 years of probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~,4], probation of 3 to 5 years

2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Peer Review [~~22~~33]
~~9.~~10.CPA Exam [~~23~~34]
~~10.~~11.Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 67 APPROVAL OF USE OF FICTITIOUS NAME

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3. Regulatory Review Course [~~21~~32]
~~3.~~4. Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]

~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~10.~~11. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]

~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Peer Review [~~22~~33]
~~7.~~8. CPA Exam [~~23~~24]
~~8.~~9. Samples - Audits, Review or Compilation [~~27~~38]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~9.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9.CPA Exam [~~23~~34]
~~9.~~10.Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12.Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.5 AUDIT DOCUMENTATION RETENTION AND DESTRUCTION POLICY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 69 CERTIFICATION OF APPLICANT'S EXPERIENCE

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6. Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~46]

ARTICLE 11: ACCOUNTANCY CORPORATION RULES

SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples - Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Notification to Clients [~~31~~42]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Revocation of corporate registration [1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY; NOTIFICATION OF NAME AND ADDRESS CHANGES

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Restricted Practice [~~17~~28]
3. Ethics Continuing Education [~~20~~31]
4. Regulatory Review Course [~~21~~32]
5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12: CONTINUING EDUCATION RULES

Section 80 INACTIVE LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]

5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Active License Status [~~26~~37]
~~5.~~6. Samples - Audit, Review or Compilation [~~27~~38]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.6 RECORDS REVIEW CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.8 REGULATORY REVIEW COURSE

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]

Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Continuing Education Courses [~~25~~36]

~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89 CONTROL AND REPORTING

Minimum Penalty - ~~Correction of Violation [25]~~Continuing Education Courses [36]

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2, 4~~], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89.1 REPORTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:

Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]
CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4] 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]

3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12.5: CITATIONS AND FINES

SECTION 95.4 FAILURE TO COMPLY WITH CITATION

Minimum Penalty - Compliance with Citation Abatement Order and/or Fine as issued
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]
2. Restitution [~~16~~26]
3. Compliance with Citation Abatement Order and/or Fine

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

VIOLATION OF PROBATION

Minimum penalty - Citation and Fine ~~(13)~~(19)
Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

California Code of Regulations ~~Section~~ section 95 provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

UNLICENSED ACTIVITIES

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

Section 5050	**Section 5056**	**Section 5072**
Section 5051	**Section 5058**	**Section 5088**
Section 5055	**Section 5071**	

~~Board~~ CCR ~~Section~~ section 95.6 also provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 and an order of abatement against any person defined in Business and Professions Code ~~Section~~ section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.

Section 5120 provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than $1,000 or both. Injunctions may be requested (see ~~Section~~ section 5122 immediately following).

INJUNCTIONS

Section 5122 provides that "Whenever in the judgment of the Board (or with its approval, in the judgment of the Enforcement Advisory Committee), any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, an offense against this chapter, the Board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the Board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.

VIII. MODEL ~~DISCIPLINARY~~ ORDERS

LICENSEES

1. **Revocation** - Single Cause:

   _____License No._____issued
   (Ex: Certified Public Accountant) (Ex: 00000)

   to respondent_____is revoked.
   (Name)

2. **Revocation -** Multiple Causes**:**

   _____License No._____issued to respondent_____is revoked pursuant to Determination(s) of Issues_____separately and for all of them.

3. **Suspension:**

   _____License No._____issued to respondent_____is suspended for _____. During the period of suspension the respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

4. **Standard Stay Order:**

   However,____(revocation/suspension)_____ is stayed and respondent is placed on probation for____years upon the following terms and conditions:

PETITIONS FOR REINSTATEMENT

5. **Grant petition without restrictions on the license:**

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate s hall be fully restored.

6. Grant petition and place license on probation:

The petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for __ years upon the following terms and conditions *(list standard and applicable optional conditions of probation):*

7. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ___ years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

8**. Deny Petition:**

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code, Petitioner may file a new petition for reinstatement only after _____ years have elapsed from the effective date of this decision.
Note: (3 years maximum)

Note: Business and Professions Code section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

9. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to Respondent _____, is revoked.

10. Continuance of Probation:

However, revocation is stayed and respondent is placed on probation for years upon the following terms and conditions:

APPLICANTS

11. Grant application without restrictions on the license:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees.

12. Grant application and place license on probation:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees. However, said license shall immediately be revoked, the order of revocation stayed and respondent's license placed on probation for a period of _____ years on the following conditions:

13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, the revocation shall be stayed, and Respondent shall be placed on probation for a period of ____years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

14. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

STANDARD CONDITIONS OF PROBATION
(TO BE INCLUDED IN ALL CASES OF PROBATION)

15. ~~5.~~**Obey All Laws**
Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

16. ~~6.~~**Cost Reimbursement**
Respondent shall reimburse the Board $_____for its investigation and prosecution costs. The payment shall be made within __ days/months of the date the Board's decision is final.

Option: The payment shall be made as follows: _____[specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

17. ~~7.~~**Submit Written Reports**
Respondent shall submit, within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

18. ~~8.~~**Personal Appearances**
Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

19. ~~9.~~**Comply With Probation**
Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the California Board of Accountancy in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

20. ~~10.~~**Practice Investigation**
Respondent shall be subject to, and shall permit, a practice investigation of the respondent's professional practice. Such a practice investigation shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.

21. ~~11.~~**Comply With Citations**
Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy.

22. ~~12.~~**Tolling of Probation for Out-of-State Residence/Practice**

In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the Board.

23. ~~13.~~**Violation of Probation**

If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, Section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

24. ~~14.~~**Completion of Probation**

Upon successful completion of probation, respondent's license will be fully restored.

OPTIONAL CONDITIONS OF PROBATION
(To Be Included In Cases Where Appropriate)

25. ~~15.~~**Supervised Practice**
Within thirty days of the effective date of this decision, respondent shall submit to the Board or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the Board or its designee. Respondent shall pay all costs for such monitoring.

26. ~~16.~~**Restitution**
Respondent shall make restitution to _____ in the amount of $_____ and shall provide the Board with a written release from _____ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

27. **Probation Monitoring Costs**
Respondent shall pay all costs associated with probation monitoring as determined by the CBA. Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

28. ~~17.~~**Restricted Practice**
Respondent shall be prohibited from _____(performing certain types of engagements such as audits, reviews, compilations, or attestation engagements, etc.), and/or from practice in_____ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.).

29. ~~18.~~**Engagement Letters**
Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the Board or its designee upon request.

30. ~~19.~~**Library Reference Materials**
Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the Board or its designee upon reasonable notice.

31. ~~20.~~**Ethics Continuing Education**
Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: 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; or business ethics, ethical sensitivity, and consumer expectations (within a given period of time or prior

to resumption of practice). Courses must be a minimum of one hour as described in California Code of Regulations ~~Section~~ section 88.2, (Courses will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

32. ~~21.~~**Regulatory Review Course**

Respondent shall complete a CBA-approved course on the provisions of the California Accountancy Act and the California Board of Accountancy Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations (within a given period of time or prior to resumption of practice). The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined. The course shall be (a minimum of ~~two hours~~) two hours.

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

33. ~~22.~~ **Peer Review**

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a certified peer reviewer at respondent's expense. The review shall evaluate the respondent's and his/her firm's system of quality control, including its organizational structure, the policies and procedures established by the firm, and the firm's compliance with its quality control system as determined on the basis of a review of selected engagements. The specific engagements to be reviewed shall be at the discretion of the peer reviewer.

Upon completion of the peer review, respondent shall submit a copy of the report with the reviewer's conclusions and findings to the Board.

34. ~~23.~~**CPA Exam**

Respondent shall take and pass the (section) of the CPA examination (within a given period of time - e.g., within 180 days of the effective date of the decision or within 180 days of completion of educational program, etc. or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent

takes and successfully passes said exam, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

35. ~~24.~~**Enrolled Agents Exam**

Respondent shall take and pass the enrolled agents exam (within a given period of time or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent takes and successfully passes said examination, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

36. ~~25.~~**Continuing Education Courses**

Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time). This ~~(~~shall be~~/shall not be)~~ in addition to continuing education requirements for relicensing.

~~OR~~

~~Respondent shall complete professional education courses as specified by the Board or its designee at the time of respondent's first probation appearance. The professional education courses shall be completed within a period of time designated and specified in writing by the Board or its designee, which time frame shall be incorporated as a condition of this probation. This (shall be/shall not be) in addition to continuing education requirements for relicensing.~~

~~Failure to satisfactorily complete the required courses as scheduled or failure to complete same no later than 100 days prior to the termination of probation shall constitute a violation of probation.~~

37. ~~26.~~**Active License Status**

Respondent shall at all times maintain an active license status with the Board, including during any period of suspension. If the license is expired at the time the Board's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

38. ~~27.~~**Samples - Audit, Review or Compilation**

During the period of probation, if the respondent undertakes an audit, review or compilation engagement, the respondent shall submit to the Board as an attachment to the required quarterly report a listing of the same. The Board or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the Board or its designee upon request.

39. ~~28.~~**Prohibition from Handling Funds**

During the period of probation the respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

40. ~~29.~~**Community Service - Free Services**
Respondent shall participate in a community service program as directed by the Board or its designee in which respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of ____ hours. Such services to begin no later than __ days after respondent is notified of the program and to be completed no later than _____. Respondent shall submit proof of compliance with this requirement to the Board. Respondent is entirely responsible for his or her performance in the program and the Board assumes neither express nor implied responsibility for respondent's performance nor for the product or services rendered.

41. ~~30.~~**Relinquish Certificate**
Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the Board office within 10 days of the effective date of this decision and order.

42. ~~31.~~**Notification to Clients/Cessation of Practice**
In orders that provide for a cessation or suspension of practice, respondent shall comply with procedures provided by the California Board of Accountancy or its designee regarding notification to, and management of, clients.

43. ~~32.~~**Administrative Penalty**
Respondent shall pay to the Board an administrative penalty in the amount of $_____ for violation of Section(s) _____ of the California Accountancy Act. The payment shall be made within __days/months of the date the Board's decision is final.

44. ~~33.~~**Medical Treatment**
Respondent shall undergo and continue treatment by a licensed physician of respondent's choice and approved by the Board or its designee until the treating physician certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is physically fit to practice.

45. ~~34.~~**Psychotherapist**
Respondent shall undergo and continue treatment by a licensed psychotherapist of respondent's choice and approved by the Board or its designee until the treating psychotherapist certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is mentally fit to practice.

46. ~~35.~~**Rehabilitation Program/Chemical Dependence**
Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the Board or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the respondent, within a reasonable period of time as determined by the Board or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the Board or its designee. Respondent is responsible for all costs of such a program.

47. ~~36.~~**Drugs - Abstain From Use**
Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

48. ~~37.~~**Drugs - Screening**
Respondent shall participate or shall have participated in a drug screening program acceptable to the Board and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

49. ~~38.~~**Biological Fluid Testing**
Respondent, at any time during the period of probation, shall fully cooperate with the Board or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the Board or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions ~~33-38~~ 44-49 shall be used when evidence indicates respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by respondent to be a contributing factor to the violation(s).

BOARD of ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: May 30, 2014

Subject Matter of Proposed Regulations: Disciplinary Guidelines

Section Affected: Title 16, Division 1, Section 98

Specific Purpose of each adoption, amendment, or repeal:

1. **Amend Section 98 of Title 16 of the California Code of Regulations**

   Specific Purpose:
   This proposal updates the California Board of Accountancy's (CBA)'s Disciplinary Guidelines to incorporate by reference the 9th edition of the manual. The proposed technical changes include:
   - Abbreviating Business and Professions Code to "BPC"
   - Abbreviating California Code of Regulations to "CCR"
   - Abbreviating Administrative Law Judge (ALJ) to "ALJ"
   - Renumbering Conditions of Probations
   - Adding "not to exceed maximum set forth in section 5116" after "administrative penalty" when it does not appear.
   - Adding "courses" to end of "continuing education" when it does not appear.

   Rationale: Existing law, California Government Code section 11425.50(e), specifies that a penalty may not be based on a guideline, criterion, bulletin, manual, instruction, order, standard of general application or other rule unless it has been adopted as a regulation. Section 98 of Title 16 of the California Code of Regulations incorporates by reference the California Board of Accountancy's "A Manual of Disciplinary Guidelines and Model Disciplinary Orders 9th edition, 2013." Section 5116 of the Business and Professions Code (BPC) requires the CBA to establish criteria for assessing administrative penalties. In addition, section 5100 allows the CBA the authority to discipline a license. In order to standardize this discipline, and meet the requirement set forth in section 5116, the CBA adopted its Manual of Disciplinary Guidelines and Model Disciplinary Orders. From time to time, this manual is updated and revised. This proposal constitutes the 9th edition of the manual.

   The California Board of Accountancy's "A Manual of Disciplinary Guidelines and

Model Disciplinary Orders" (9th edition, 2013) is referenced in these amendments. It would be cumbersome, unduly expensive and otherwise impractical to publish the documents in the California Code of Regulations. It is available on the CBA's website and from the CBA upon request.

TITLE PAGE:

Purpose: The CBA proposes to update the title from "A Manual of Disciplinary and Model Disciplinary Orders 8th Edition, 2013" to "Disciplinary Guidelines and Model Orders 9th Edition, 2013."

Rationale: The title of the Disciplinary Guidelines needs to be updated to modernize and reflect the new revised edition number.

INTRODUCTION:

The CBA proposes to incorporate several amendments to the introduction, which include:

Purpose: Removing the word "disciplinary" from the term "model disciplinary orders" where it appears in the introduction.

Rationale: With the inclusion of additional model orders, the title is no longer appropriate as the manual now includes orders that are not disciplinary in nature.

Purpose: Establishing acronyms for "California Public Accountant," "Public Accountant," "Business and Professions Code," and "Administrative Law Judge."

Rationale: The Disciplinary Guidelines are primarily used by the CBA, ALJ, and lawyers who are already familiar with the terminology. However, establishing the acronyms helps clarify the terms.

Purpose: Removing the prior edition reference.

Rationale: The prior edition reference is outdated.

GENERAL CONSIDERATION

Purpose: The CBA proposes to update the General Considerations to include:

- A statement clarifying the purpose of a Reinstatement Checklist,
- An imposition of an Administrative Penalty if warranted,
- Direction to use correction of violation in disciplinary orders, when discipline includes a violation that can be corrected.
- Direction to consider restitution for all cases in which harm is

demonstrated against a complainant.

Rationale: The general consideration is updated to reflect the other proposed changes in the Disciplinary Guidelines and set forth further considerations for users of the guidelines. The changes establish additional guidelines on how a licensee should be penalized following an administrative hearing. The minimums and maximums in these Disciplinary Guidelines are established in such a way to provide consistency of discipline for similar violations.

DISCIPLINARY GUIDELINES

California Accountancy Act, Article 2 Sections

Purpose: Adding "probation monitoring costs" as a new optional term of probation for violating sections 5037(a) and 5037(b)(1)(2).

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by ALJs.

California Accountancy Act, Article 3 Section

Purpose: Adding new "probation monitoring costs" as a new optional term of probation for violating sections 5050(a), 5055, 5056, 5058, 5058.1, and 5058.2.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by ALJs.

Purpose: Changing the minimum penalty from "correction of violation" to "cease and desist letter," and the maximum penalty from "revoke authorization to practice" to "refer to Prosecutorial Agency for unlicensed practice" for violating section 5050(c).

Rationale: The CBA does not have disciplinary authority over foreign accountants; therefore, the CBA is changing the minimum penalty to a cease and desist letter and the maximum penalty to refer them to Prosecutorial Agency in order to treat them the same as an unlicensed individual.

Purpose: Removing section 5054.

Rationale: Section 5054 clarifies section 5050 and cannot be violated by itself.

Since section 5050 is already covered in the Guidelines, this reference is being removed as redundant.

Purpose: Adding new section 5058.3 for "retired designation." This section would have a minimum penalty of "continuing education courses," a maximum penalty of "revocation stayed, 3 years probation," and would provide "probation monitoring costs," "continuing education courses," and "administrative penalty" as optional conditions of probation for violating this section.

Rationale: The proposed penalties for this section are consistent with other existing standards for penalties. Section 5058.3 is similar to section 5058.2, which requires a licensee with an inactive license status to indicate the inactive status whenever using the CPA title.

California Accountancy Act, Article 3.5 Sections

Purpose: Clarifying that that the minimum penalty for violating section 5060 is for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation."

Rationale: Amending section 5060 helps clarify to whom the minimum penalty is directed.

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating sections 5060, 5061, 5062, 5062.2, 5063, and 5063.3.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing the maximum penalty from "revocation stayed; 90 day suspension, 3 year probation" to "revocation" for violating section 5063.3, and adding suspension "with/without stay, "restricted practice," "samples – audit, review or compilation," probation from handling funds," and "community service – free services" as optional conditions of probation for violating section 5063.3.

Rationale: The minimum penalty and optional conditions of probation are being increased in order to deter the unlawful release of confidential information. The proposed amendments better address the severity of the licensee's actions.

California Accountancy Act, Article 4 Section

Purpose: Removing section 5070.7.

Rationale: Section 5070.7 was deleted as no penalty guideline is needed since a license will automatically cancel by operation of law if not penalty renewed within five years.

Purpose: Adding new section 5070.1(b) as “practice with a retired license status.” This section would have a minimum penalty of “continuing education courses,” and a maximum penalty of “revocation.” The conditions of probation for violating this section would be “if revocation stayed, three years of probation” and “standard conditions of probation,” and its optional conditions of probation would be “suspension with/without stay,” “probation monitoring costs,” “restricted practice,” “ethics continuing education,” “regulatory review course,” “continuing education courses,” “active license status,” and “administrative penalty.”

Rationale: Practice with a retired license status is similar to practice without a permit, as the licensee does not have practice rights. Therefore, practice with a retired license status should be the same guidelines as currently exists for section 5050(a).

Purpose: Adding new section 5071.2(b) as a “practice with a military license status.” This section would have a minimum penalty of “continuing education courses,” and a maximum penalty of “revocation.” The conditions of probation for violating this section would be “if revocation stayed, three years of probation” and “standard conditions of probation,” and its optional conditions of probation would be “suspension with/without stay,” “probation monitoring costs,” “restricted practice,” “ethics continuing education,” “regulatory review course,” “continuing education courses,” “active license status,” and “administrative penalty.”

Rationale: Practice with a retired license status is similar to practice without a permit, as the licensee does not have practice rights. Therefore, practice with a retired license status should be the same guidelines as currently exists for section 5050(a).

Purpose: Adding new “probation monitoring costs” as a new optional condition of probation for violating sections 5072(a), 5073(d), 5076(a), 5076(f), 5078, and 5079(a)(b)(d).

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Clarifying that the minimum penalty of continuing education (CE) courses for violating sections 5072(a) and 5073(d) are for licensee partners.
Rationale: Amending 5072(a) and 5073(d) clarifies who is subject to disciplinary

action, as CE courses cannot be completed by firms.

Purpose: Changing the minimum penalty from “correction of violation” to “continuing education courses” for violating sections 5076(a) and 5076(f).

Rationale: “Correction of violation” was changed to “continuing education courses” because “correction of violation” is not discipline, and therefore may not be appropriately referred to as a “penalty.”

Purpose: Adding peer review into the optional conditions of probation for violating section 5076(a).

Rationale: Failure to obtain peer review, as required, is a violation of section 5076; therefore, peer review is being added to the optional conditions of probation.

Purpose: Clarifying that the minimum penalty of CE courses for violating section 5078 is for licensee owners.

Rationale: Amending the minimum penalty of section 5078 specifies who the penalty applies to, as firms cannot complete CE courses.

California Accountancy Act, Article 5 Section

Purpose: Adding “administrative penalty” as a new optional condition of probation for violating sections 5081(a) and 5081(b)(c).

Rationale: Administrative penalties are being added into the optional conditions of probation pursuant to BPC section 5116.

Purpose: Changing the minimum penalty for violating section 5095(a) from “correction of violation” to “revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Rationale: Section 5095(a) was amended because receiving a license with the authority to sign attest reports, without obtaining the required experience should be equivalent to fraudulently obtaining a license. Therefore, the minimum is similar to existing penalties for violating section 5100(b).

California Accountancy Act, Article 5.1 Section

Purpose: Adding “administrative penalty” as a new optional condition of

probation for violating sections 5096(d), 5096(e)(2), 5096(e)(3), 5096(e)(5), 5096(f), 5096(i), 5096.5, and 5096.12.

Rationale: Administrative penalties are added into the optional conditions of probation pursuant to BPC section 5116.

**California Accountancy Act, Article 5.5 Section*

Purpose: Adding "administrative penalty" as a new optional condition of probation for violating section 5097.

Rationale: Administrative penalties are added into the optional conditions of probation pursuant to BPC section 5116.

**California Accountancy Act, Article 6 Section*

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating sections 5100, 5100(a), 5100(b), 5100(c), 5100(d), 5100(h), 5100(i), 5100(k), 5100(l), 5100(m), and 5101.

Rationale: In the past, the CBA has entered into stipulated settlements that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by ALJ.

Purpose: Removing sections 5060, 5061, and 5062 from the violations listed in section 5100(f).

Rationale: Section 5100(f) was modified to delete sections 5060, 5061, and 5062 from the possible violations as these sections occur in Article 3.5, and therefore are not applicable to Article 3.

Purpose: Changing the minimum penalty for violating the conditions in section 5101 from "probation; require CPA or PA partners to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to ensure compliance" to revocation stayed, 3 years probation.

Rationale: The minimum penalty was changed because there is no mechanism to place a licensee or firm on probation without staying the revocation per Government Code section 11519.

Purpose: Adding "suspension with/without stay" as a new optional condition of probation for violating section 5101.

Rationale: This amendment is necessary because the CBA cannot place a licensee on probation without first suspending or revoking their license and then staying it per Government Code section 11519.

Purpose: Adding “(revocation or suspension)” to the end of section 5104’s title.

Rationale: This distinguishes the difference between section titles 5104 and 5105.

Purpose: Changing the minimum penalty for violating section 5105 from “relinquish certificate which will be reissued under section 5070.6 guidelines (payment of renewal and delinquency fees and compliance with continuing education guidelines” to revocation.

Rationale: The minimum penalty for violating section 5105 is revocation because the licensee is delinquent and practicing without a valid license.

Purpose: Adding “denial of licensure application” to the minimum/maximum penalty for violating section 5110(a).

Rationale: This amendment clarifies that the CBA may deny a CPA application. Section 5110(a), in statute, already provides the CBA that authority.

California Accountancy Act, Article 9 Section

Purpose: Clarifying that the minimum penalty for violating 5152, 5152.1, and 5154 is for “licensee directors, shareholders, and/or officers of corporation.”

Rationale: Since a firm cannot take CE, section 5152, 5152.1, and 5154’s minimum penalty was amended to clarify who within the firm should be assed the penalty.

Purpose: Changing the minimum penalty for violating section 5152.1 from “continuing education for officers of corporation” to “continuing education courses for licensee directors, shareholders, and/or officers of corporation.”

Rationale: Since a firm cannot take CE, the minimum penalty was amended to clarify to who within the firm should be assed the penalty.

Purpose: Stating that the minimum penalty for violating section 5154 is for “licensee directors, shareholders, and/or officers of corporation.”

Rationale: Since a firm cannot take CE, the minimum penalty was amended to clarify to who within the firm should be assed the penalty.

Purpose: Adding “probation monitoring costs” as a new optional condition of probation for violating sections 5154, 5155, 5156, and 5158.

Rationale: In the past, the CBA has entered into stipulated settlements that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing the minimum penalty for violating section 5155 from “continuing education courses” to “revocation stayed, 3 years probation.”

Rationale: Increasing the minimum penalty will help deter a disqualified shareholder from violating section 5155.

Purpose: Adding “if revocation stayed, 3-5 years of probation” to the required conditions of probation for violating sections 5156 and 5158.

Rationale: The proposed change provides consistency of the penalties for unprofessional conduct with 5100 series for accountancy corporations.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS
TITLE 16 CALIFORNIA CODE OF REGULATIONS

CBA Regulations, Article 1

Purpose: Adding “probation monitoring costs” as a new optional condition of probation for violating section 5.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

CBA Regulations, Article 3

Purpose: Changing the minimum penalty from “correction of violation” to “continuing education courses” for violating section 20.

Rationale: Correction of violation was deleted because it is not discipline, and therefore is not appropriately referred to as a “penalty.” The minimum penalty should be disciplinary in nature and to more closely fit the code selection violated.

Purpose: Adding new section 37.5 for fingerprinting in new Article 5. This section would include a minimum penalty of "continuing education courses," a maximum penalty of "revocation," required conditions of probation of "if revocation stayed, 3 years of probation" and "standard conditions of probation," and optional conditions of probation of "probation monitoring costs," "ethics continuing education," "regulatory review courses," "continuing education courses," and "administrative penalty."

Rationale: This proposal would make the penalty similar to failure to report a peer review status to the CBA, which is Title 16, California Code of Regulations section 45.

CBA Regulations, Article 6

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating sections 40(a)(b)(c), 41, 43, 44, 45, 46(a), and 46(b).

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing the minimum penalty from "correction of violation" to "continuing education courses" for violating sections 40(a)(b)(c), 44, 45, 46(a), and 46(b).

Rationale: Correction of violation was deleted because it is not discipline, and therefore is not appropriately referred to as a "penalty." The minimum penalty should be disciplinary in nature and more closely fit the code selection violated.

CBA Regulations, Article 9

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating sections 50, 51, 51.1, 52, 53, 54.1, 54.2, 56, 56.1, 57, 58, 59, 60, 61, 62, 63, 65, 68, 68.1, 68.2, 68.3, 68.4, 68.5, and 69.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing the minimum penalty from "correction of violation" to "continuing education courses" for violating sections 50, 56, 56.1, 59, 60, 61, 62,

63, 67, and 69.
Rationale: Correction of violation was deleted because it is not discipline, and therefore is not appropriately referred to as a "penalty." The minimum penalty should be disciplinary in nature and to more closely fit the code selection violated.

Purpose: Adding new section 50.1 for attest client notification. This section would include a minimum penalty of "continuing education courses for California licensee partners or for licensee shareholders of corporation," a maximum penalty of "revocation of partnership or corporation," required conditions of probation of "if revocation stayed, 3 years probation," "standard conditions of probation," optional conditions of probation of "suspension with/without," "probation monitoring costs," "ethics continuing education," "regulatory review course," and "administrative penalty."

Rationale: Section 50.1 requires a licensee employed by a firm, in which no licensee owners are authorized to sign attest reports, provide written notification to any attest client or prospective attest client of the ownership composition of the firm. This regulation is similar to the requirement outlined in BPC section 5079, regarding failure to disclose non-licensee ownership of a firm; therefore the guideline for the penalties should be the same.

Purpose: Stating that the minimum penalty for violating section 51 is for "California licensee partners" or "licensee shareholders of corporation."

Rationale: This proposed change clarifies to whom the penalty applies.

Purpose: Changing the maximum penalty for violating section 54.1 from "revocation stayed; 90 day suspension, 3 years probation" to "revocation."

Rationale: Unlawful disclosure of confidential information should have a more severe penalty to deter violating section 54.1 and to protect consumers.

Purpose: Changing "suspension" to "suspension with/without stay" as an optional condition of probation for violating section 54.1.

Rationale: This amendment provides more consistency with the implementation of the other guidelines and the authority in Government Code section 11519.

Purpose: Adding "engagement letters" and "community service—free services" as new optional conditions of probation for violating section 56.

Rationale: The proposed change is to make the conditions for violating section 56 consistent with 5061, which is the statute section 56 supports. Generally,

both the statute and regulation are cited when a commission disclosure is not made.

Purpose: Change the minimum penalty for violating section 65 from “correction of violation and/or continuing education courses” to “revocation stayed, 3 years of probation.”

Rationale: The minimum penalty is being amended to provide a more severe penalty to deter violations of section 65 and to protect consumers.

CBA Regulations, Article 11

Purpose: Changing the minimum penalty from “correction of violation” to “continuing education courses for licensee directors shareholders, and/or officers of corporation for violating sections 75.8, 75.9, and 75.11(b).

Rationale: This proposed change clarifies to whom the penalty applies to. Additionally, correction of violation was amended because it is not discipline, and therefore may not be appropriately referred to as a “penalty.”

Purpose: Adding “probation monitoring costs” as a new optional condition of probation for violating sections 75.8 and 75.9.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing the maximum penalty from “revocation stayed, 90 day suspension, 3 years probation” to “suspend corporate accountancy registration and/or individual licensees for 90 days” for violating sections 75.9 and 75.11(b).

Rational: This proposal is to provide consistency with existing BPC section 5154, penalties for directing shareholders and officers, and to not limit the maximum penalty to revocation stayed.

CBA Regulations, Article 12

Purpose: Adding new section 80 for inactive license status. This section would have a minimum penalty of “continuing education courses,” a maximum penalty of “revocation,” required conditions of probation of “if revocation stayed, 3 years probation,” “standard conditions of probation,” optional conditions of probation of “suspension with/or without stay,” “probation monitoring costs,” “restricted practice,” “ethics continuing education,” “regulatory review course,” “continuing

education courses," "active license status," and "administrative penalty."
Rationale: Practice with an inactive license status is similar to practice without a permit, as the licensee has not taken the required continuing education, and does not have practice rights. Therefore, section 80 should share the same penalty guideline as BPC section 5050(a).

Purpose: Removing "correction of violation and/or" as a minimum penalty for violating sections 81(a) 87, 87.5, 87.6, 87.8, 89, and 89.1.

Rationale: Correction of violation was amended because it is not discipline, and therefore may not be appropriately referred to as a "penalty." The minimum penalty should be changed to more closely fit the code selection violated.

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating sections 81(a), 87, 87.5, 87.6, 87.8, 89, 89.1, and 90.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Changing "correction of violation" to "continuing education courses" for violating sections 81(a), 87, 87.5, 87.6, 87.8, 89, and 89.1.

Rationale: Correction of violation was amended because it is not discipline, and therefore may not be appropriately referred to as a "penalty." The minimum penalty should be changed to more closely fit the code selection violated.

CBA Regulations, Article 12.5

Purpose: Adding "probation monitoring costs" as a new optional condition of probation for violating section 95.4.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

MODEL ORDERS

Purpose: Adding the following into current model order for petitions for reinstatement:

5. Grant petition without restrictions on the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate s hall be fully restored.

6. Grant petition and place license on probation:

The petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for__ years upon the following terms and conditions *(list standard and applicable optional conditions of probation):*

7. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ___ years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

8. Deny Petition:

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code, Petitioner may file a new petition for reinstatement only after ____ years have elapsed from the effective date of this decision.
Note: (3 years maximum)

Note: Business and Professions Code section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

9. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to

Respondent _____, is revoked.
10. Continuance of Probation:
However, revocation is stayed and respondent is placed on probation for years upon the following terms and conditions:

APPLICANTS

11. Grant application without restrictions on the license:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees.

12. Grant application and place license on probation:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees. Said license shall immediately be revoked, the order of revocation stayed and respondent's license placed on probation for a period of _____years on the following conditions:

13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, and Respondent shall be placed on probation for a period of ___ years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

14. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

Rationale: The additional model orders would help the CBA members and ALJs craft consistent decisions on petitions for reinstatement, petitions for revocation of probation, and applications resulting in clearer and more effective enforcement of the laws under CBA's jurisdiction. They include model reinstatement order language, standard conditions of probation, and optional conditions of probation.

OPTIONAL CONDITIONS OF PROBATION

Purpose: Adding probation monitoring costs in the optional conditions of probation. This addition would require the respondent to pay all costs, within 30 days, associated with the probation monitoring as determined by the CBA.

Rationale: In the past, the CBA has entered into stipulated settlements on a few occasions that required the probationer to pay monitoring costs. However, this probationary condition is not in the Guidelines and is not available for regular consideration by an ALJ.

Purpose: Requiring the Ethics Continuing Education and Regulatory Review Continuing Education to be in addition to continuing education requirements for relicensing in Optional Conditions of Probation numbers 31 and 32.

Rationale: The addition clarifies that the ethics continuing education and regulatory review course must be taken in addition to the continuing education for licensure renewal. It further emphasizes the need for ethical training to assist in rehabilitation.

Purpose: Amending the Continuing Education Course requirements.

Rationale: Licensees may be required to complete continuing education as a condition of probation. This condition was originally written in a permissive way; meaning the CE taken may count toward the license renewal requirement. This is being changed to require that any CE ordered must be completed beyond what is needed for license renewal as a form of remediation and not just continuing competency.

Underlying Data

"Disciplinary Guidelines and Model Orders" (9th Edition, 2013).
Minutes of the January, 2013 Enforcement Program Oversight Committee meeting
Minutes of the January, 2013 CBA meeting
Minutes of the March, 2013 Enforcement Program Oversight Committee meeting
Minutes of the March, 2013 CBA meeting
Minutes of the May, 2013 Enforcement Program Oversight Committee meeting
Minutes of the May, 2013 CBA meeting
Minutes of the September, 2013 Enforcement Program Oversight Committee meeting
Minutes of the September, 2013 CBA meeting

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/ documents/testimony:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

The following studies/relevant data were relied upon in making the above determination:

The CBA currently regulates approximately 88,000 CPAs, 3,900 Accountancy Corporations, and 1,400 CPA Partnerships. The proposed action does not increase or decrease the penalties that may result after discipline is imposed in an administrative disciplinary action, but rather provides for consistency in application. Any "adverse economic impact" would only occur as the result of a disciplinary order following a formal administrative proceeding and a finding of fact affirming a violation of the CBA's laws or regulations and would only affect individuals who are disciplined by the CBA. Any potential "adverse economic impact" may be avoided simply by complying with the law.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California as it only affects individuals and businesses that are disciplined for violations of the Accountancy Act or CBA regulations. Therefore, the overall economic impact on jobs is deemed as insignificant.

- It will not create or eliminate businesses within the State of California as it only affects individuals and businesses that employ licensees that are disciplined for violations of the Accountancy Act or CBA regulations. Therefore, the overall economic impact on businesses is deemed as insignificant.

- It will not affect the expansion of businesses currently doing business within the State of California as it only affects individuals and businesses that are disciplined for violations of the Accountancy Act or CBA regulations, and the Disciplinary Guidelines do not correlate with the expansion of businesses. Therefore, the overall economic impact on the expansion of businesses is deemed as insignificant.

- The proposed regulatory change would improve clarity for administrative law judges and staff on what discipline to impose on licensees who violate the Accountancy Act or CBA regulations.

- This regulatory proposal does not affect worker safety because the regulatory proposal does not relate to worker safety.

- This regulatory proposal does not affect the state's environment because the regulatory proposal does not relate to the state's environment.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected: the CBA considered not updating its Disciplinary Guidelines, but this was deemed unacceptable as new laws made sections of the old guidelines obsolete and other sections would be missing.

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item IX.B.
May 29-30, 2014

Discussion and Possible Action to Adopt or Amend CBA Regulation Section 98-Disciplinary Guidelines and Model Orders

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 21, 2014

Purpose of the Item

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to adopt regulations amending its Disciplinary Guidelines and Model Orders (Disciplinary Guidelines).

Action(s) Needed

The CBA will be asked to adopt the proposed changes to the Disciplinary Guidelines.

Background

On a triennial basis, the Disciplinary Guidelines are reviewed by the Enforcement Program Oversight Committee (EPOC), which then proposes revisions for adoption by the CBA. At the March 2013 EPOC meeting, staff presented a three part approach to updating the Guidelines. At that meeting the EPOC approved the timeline and conceptual changes presented.

At its September 2013 meeting, the CBA approved revisions recommended by the EPOC and directed staff to initiate the rulemaking process to place them into regulation.

At its March 2014 meeting, the CBA directed staff to incorporate disciplinary guidelines for Business and Professions Code section 5096(e)(10), which requires a practice privilege holder practicing in California to notify the CBA of any pending criminal charges, other than for a minor traffic violation, in any jurisdiction.

Following the regulatory hearing to receive public comment on the proposal (**CBA Agenda Item IX.A.**) the next step in the process is that the CBA must act to formally adopt the proposed regulations outlined in the subject of this item.

The CBA may decide to make changes to the proposed regulations based on any received comments, or it may proceed with adopting the proposal without modification.

Comments

The proposed regulatory change would protect consumers by providing the CBA and Administrative Law Judges with updated guidelines to reference when imposing

disciplinary action on licensees and provide standards for the consistent and appropriate enforcement of the laws under the CBA's jurisdiction.

Staff incorporated the language approved at the March 2014 CBA meeting on page 23 of the disciplinary guidelines (**Attachment**). The changes are shown in double underline. In order to proceed with this change, staff will need to prepare and proceed with a 15-Day Notice of Modified Text.

<u>If no changes are to be made after the public comment period and hearing closes:</u>
Motion: Direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

<u>If substantive changes are to be made after the public comment period and hearing closes</u>:
Motion: Direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

<u>Fiscal/Economic Impact Considerations</u>
There is minimal but absorbable fiscal and economic impact to updating the disciplinary guidelines.

<u>Recommendation</u>
Staff recommend adopting the motion regarding substantive changes in order to incorporate the changes made at the CBA's March 2014 meeting.

<u>Attachment</u>
Proposed Disciplinary Guidelines and Model Orders 9th Edition, 2013

Proposed Regulatory Language

§ 98. Disciplinary Guidelines.

In reaching a decision on a disciplinary action under the Administrative Procedure Act (Government Code Section 11400 et seq.), the Board shall consider the disciplinary guidelines entitled ~~"A Manual of Disciplinary Guidelines and Model Disciplinary Orders" (8th edition, 2013)~~ "Disciplinary Guidelines and Model Orders" (9th edition, 2013) which are hereby incorporated by reference. Deviation from these guidelines and orders, including the standard terms of probation, is appropriate where the Board in its sole discretion determines that the facts of the particular case warrant such a deviation -for example: the presence of mitigating factors; the age of the case; evidentiary problems.

NOTE: Authority cited: Sections 5010, 5018 and 5116, Business and Professions Code; and Section 11400.20, Government Code. Reference: Sections 5018, 5096, 5096.5, 5096.12, 5100 and 5116-5116.6, Business and Professions Code; and Section 11425.50(e), Government Code.

CALIFORNIA BOARD OF ACCOUNTANCY

~~A MANUAL OF DISCIPLINARY GUIDELINES AND MODEL DISCIPLINARY ORDERS~~

~~8TH EDITION, 2013~~

DISCIPLINARY GUIDELINES AND MODEL ORDERS

9TH EDITION, 2013

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CALIFORNIA BOARD OF ACCOUNTANCY

DISCIPLINARY GUIDELINES
AND
MODEL ~~DISCIPLINARY~~ ORDERS

I. INTRODUCTION

The California Board of Accountancy (CBA) licenses the practice of accountancy in the State of California and may revoke, suspend, or refuse to renew any permit or certificate for violation of applicable statutes or regulations. The CBA examines applicants, sets education requirements, and may deny licensure and the authority to practice under practice privilege (California Business and Professions Code (BPC) ~~Section~~section 5096 et seq.). The CBA may, by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and competency in the profession.

The CBA, through its Enforcement Division, assisted by its statutorily established Enforcement Advisory Committee, receives and investigates complaints; initiates and conducts investigations or hearings, with or without the filing of a complaint; and obtains information and evidence relating to any matter involving the conduct of ~~California Public Accountants and~~ Certified Public Accountants (CPA), Public Accountants (PA) and Accountancy Firms.~~as well as any alleged violation of the California Accountancy Act.~~ The California Accountancy Act and the CBA regulations ~~of the California Board of Accountancy~~ provide the basis for CBA disciplinary action. (See ~~California~~ ~~Business and Professions Codes~~ ~~Sections~~ BPC sections 5000 et seq., and Title16 California Code of Regulations (CCR) ~~Sections~~ sections 1 through 99.1.)

The expiration, cancellation, forfeiture, or suspension of a license, practice privilege, or other authority to practice public accountancy in California, or the voluntary surrender of a license by a licensee shall not deprive the CBA of the authority to proceed with an investigation, action, or disciplinary proceeding against the licensee or to render a decision suspending or revoking the license. (See ~~California Business and Professions Code Section~~ BPC section 5109.)

These disciplinary guidelines, designed for the use of Administrative Law (ALJ) Judges, attorneys, CBA licensees, and others involved in the CBA's disciplinary process, are revised from time to time. The guidelines cover model ~~disciplinary~~ orders, including factors to be considered in aggravation and mitigation; standard probationary terms; and guidelines for specific offenses. The guidelines for specific offenses are referenced to the statutory and regulatory provisions violated.

These disciplinary guidelines set forth recommended discipline for the violation of current statutes and regulations; includes a provision for community service; and provides additional guidance regarding disciplinary and model orders. ~~This revised edition was adopted by the CBA on September 23, 2010.~~

The CBA recognizes that these recommended penalties and conditions of probation are merely guidelines and that mitigating or aggravating circumstances and other factors may necessitate deviations, as discussed herein.

II. GENERAL CONSIDERATIONS

The CBA requests that **Proposed Decisions** following administrative hearings include the following:

a. Specific code sections violated with their definitions.

b. Clear description of the violation.

c. Respondent's explanation of the violation if he or she is present at the hearing.

d. Findings regarding aggravation, mitigation, and rehabilitation where appropriate (See factors set forth below/~~Section~~ CCR section 99.1).

e. When suspension or probation is recommended, the CBA requests that the disciplinary order include terms within the recommended guidelines for that offense unless the reason for departure there from is clearly set forth in the findings and supported by the evidence.

   If the respondent fails to appear for the scheduled hearing, such action shall result in a **default decision** to revoke license.

   When the CBA, at a **reinstatement hearing**, denies a petitioner's request for reinstatement, the CBA requests that the Administrative Law Judge provide technical assistance in formulating language clearly setting forth the reasons for denial. Such a **statement** should include, for example, a statement on rehabilitation, including suggestions for further approaches by petitioner to demonstrate rehabilitation, where appropriate. The Petition for Reinstatement Checklist was designed to assist the CBA members and an ALJ with the preparation of a petition for reinstatement. See Attachment 1 for additional information.

f. **Reimbursement** to the CBA for costs of investigation and prosecution as warranted by ~~Business and Professions Code Section~~BPC section 5107.

g. Imposition of an **Administrative Penalty** if warranted. See section VI for guidance.

The CBA will consider **stipulated settlements** to promote cost effectiveness and to expedite disciplinary decisions if such agreements achieve its disciplinary objectives. Deputy Attorneys General should inquire as to respondent's interest in stipulated settlement promptly after receipt of a notice of defense. If stipulated settlement appears unlikely, the case should be set for hearing.

The CBA's policy is that all disciplinary actions will be published.

It is also the CBA’s policy that matters resolved by stipulation include **cost recovery**.

The CBA's Executive Officer is authorized by statute to request an Administrative Law Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of

reasonable costs of investigation and prosecution (~~California Business and Professions Code Section~~ BPC section 5107). This statute does not preclude the CBA from seeking recovery of costs through stipulations; thus, it does not change the CBA's policy of requesting and recovering costs where appropriate in stipulated settlements. Restitution to victims and/or administrative penalties should not be reasons to reduce, eliminate, or stay full recovery of all reasonable costs of investigation and prosecution.

In stipulated decisions involving **revocation** (no revocation stayed), the order will generally include the requirement that respondent must reimburse the CBA for all reasonable costs of investigation and prosecution prior to or upon reinstatement of respondent's revoked certificate under ~~Section~~ BPC section 5115 ~~of the California Business and Professions Code.~~

The period of **probation** is generally three years. During the probation period, licensees are required to appear in person at interviews/meetings as directed by the CBA or its designated representatives to report on probation compliance.

Where an actual **suspension** is imposed, the order shall include the requirement that respondent engage in no activities for which certification is required (see model disciplinary orders). In addition, the respondent shall relinquish the certificate in question to the CBA and shall notify clients regarding the suspended status of the certificate, if directed to do so by the CBA.

When discipline includes a violation that can be corrected, **correction of the violation** should be included as the basis for any discipline.

Restitution should be considered for all cases in which harm is demonstrated against the complainant. However, restitution should consider the actual harm to a complainant; it is not intended to award damages.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

III. EVIDENCE IN AGGRAVATION OF PENALTY

The following are among aggravating circumstances to be considered by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. Evidence that the violation was knowingly committed and/or was premeditated.

2. Licensee has a history of prior discipline, particularly where the prior discipline is for the same or similar type of conduct.

3. Licensee's actions resulted in financial damage to his or her clients or other consumers. The amount of loss may be an additional aggravating factor.

4. Violation of CBA probation.

5. Failure to comply with a final citation order.

6. Failure to comply with a notice to appear before the CBA or its designated representatives.

7. Failure to comply with continuing education requirements as ordered by the CBA or its designated representatives pursuant to ~~Section~~ CCR section 87.5.

8. Evidence that the licensee has not cooperated with the CBA's investigation.

9. Misappropriation of entrusted funds or other breach of fiduciary responsibility.

10. Duration of violation(s).

11. Evidence that the licensee knew or should have known that his or her actions could harm his or her clients or other consumers.

12. Evidence that the licensee took advantage of his or her client for personal gain, especially if the licensee was able to take advantage due to the ignorance, age, or lack of sophistication of the client.

IV. EVIDENCE IN MITIGATION OF PENALTY

The following are among mitigating circumstances that may be taken into account by ~~Administrative Law Judges~~ ALJs in providing for penalties in proposed decisions:

1. The licensee has cooperated with the ~~California Board of Accountancy's~~ CBA's investigation, other law enforcement or regulatory agencies, and/or the injured parties.

2. The passage of considerable time since an act of professional misconduct occurred with no evidence of recurrence or evidence of any other professional misconduct.

3. Convincing proof of rehabilitation, including the factors in CCR section 99.1 as well as other relevant considerations.

4. Demonstration of remorse by the licensee.

5. Recognition by licensee of his or her wrongdoing and demonstration of corrective action to prevent recurrence.

6. Violation was corrected without monetary losses to consumers and/or restitution was made in full.

7. If violation involved multiple licensees, the relative degree of culpability of the subject licensee should be considered.

V. REHABILITATION CRITERIA

The CBA's rehabilitation criteria, set forth in ~~Section~~CCR section 99.1, are as follows:

When considering the denial of a certificate or permit under ~~Section~~ BPC section 480~~ of the Business and Professions Code~~, the suspension or revocation of a certificate or permit or restoration of a revoked certificate under ~~Section~~ BPC section 5115~~ of the California Business and Professions Code~~, the CBA, in evaluating the rehabilitation of the applicant and his or her present eligibility for a certificate or permit, will consider the following criteria:

1. Nature and severity of the act(s) or offense(s)~~;~~.

2. Criminal record and evidence of any act(s) committed subsequent to the act(s) or offense(s) under consideration that could also be considered as grounds for denial, suspension, or revocation~~;~~.

3. The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2)~~;~~.

4. The extent to which the applicant or respondent has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or respondent~~;~~.

5. If applicable, evidence of expungement proceedings pursuant to ~~Section~~section 1203.4 of the Penal Code~~;~~.

6. Evidence, if any, of rehabilitation submitted by the applicant or respondent.

VI. ADMINISTRATIVE PENALTIES

~~California Business and Professions Code Section~~ BPC section 5116 et seq. allow the CBA to order any licensee or applicant for licensure or examination to pay an administrative penalty as part of any disciplinary proceeding. In matters that go through the administrative hearing process, the CBA's Executive Officer may request an Administrative Law Judge to impose an administrative penalty as part of any proposed decision.

The administrative penalty assessed shall be in addition to any other penalties or sanctions imposed on the licensee or other person, including but not limited to, license revocation, license suspension, denial of the application for licensure, or denial of admission to the licensing examination. When probation is ordered, an administrative penalty may be included as a condition of probation.

For any violation, with the exception of violation of subdivisions (a), (c), (i), (j), or (k) of BPC section 5100, any licensee may be assessed an administrative penalty of not more than $5,000 for the first violation and not more than $10,000 for each subsequent violation.

For violation of subdivisions (a), (c), (i), (j), or (k) of ~~Section~~ BPC section 5100, licensed firms may be assessed an administrative penalty of not more than $1,000,000 for the first violation and not more than $5,000,000 for any subsequent violation. The administrative penalty that may be assessed an individual licensee who violates these sections is limited to not more than $50,000 for the first violation and not more than $100,000 for any subsequent violation.

Administrative penalties may be assessed under one or more violations; however, the total administrative penalty shall not exceed the amount of the highest administrative penalty allowed.

The term "violation" used in ~~Sections~~ BPC sections 5116.1, 5116.2, and 5116.3 is intended to include the total violations in the disciplinary proceeding. Accordingly, "first violation" refers to the respondent's first disciplinary action and "subsequent violations" refers to any subsequent disciplinary actions.

Cost recovery ordered under ~~California Business and Professions Code Section~~ BPC section 5107 should not be a reason to reduce or eliminate the amount of administrative fines.

The following criteria should be considered in assessing administrative penalties.

1. Nature and extent of actual and potential consumer harm.

2. Nature and extent of actual and potential harm to clients.

3. Nature and severity of the violation.

4. The role of the person in the violation.

5. The person’s attitude toward his or her commission of the violations.

6. Recognition of wrongdoing.

7. Person’s history of violations.

8. Nature and extent of cooperation with the CBA’s investigation.

9. The person’s ability to pay the administrative penalty.

10. The level of administrative penalty necessary to deter future violations.

11. Nature and extent to which the person has taken corrective action to ensure the violation will not recur.

12. Nature and extent of restitution to consumers harmed by violations.

13. The violations involve sanctions by other government agencies or other regulatory licensing bodies, i.e. Internal Revenue Service, Securities and Exchange Commission, and Public Company Accounting Oversight Board.

14. Other aggravating or mitigating factors.

VII. DISCIPLINARY GUIDELINES

The offenses and penalties are listed chronologically by statute number in the Business and Professions Code (BPC) and by regulation number in Title 16 of the California Code of Regulations (CCR). The number in brackets following each condition of probation refers to the model disciplinary order so numbered (See **Model Disciplinary Orders**). The probation terms listed under "if warranted" for each violation are to be considered, and imposed, if facts and circumstances warrant.

CALIFORNIA ACCOUNTANCY ACT:
BUSINESS AND PROFESSIONS CODE, DIVISION 3, CHAPTER 1

ARTICLE 2

Section 5037(a) OWNERSHIP OF ACCOUNTANTS' WORKPAPERS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, [1,2,4] 3 years probation

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5 Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 54.1)

Section 5037(b)(1)(2) RETURN OF CLIENT DOCUMENTS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]

4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 68)

ARTICLE 3

Section 5050(a) PRACTICE WITHOUT PERMIT; TEMPORARY PRACTICE

Except as provided for in ~~Section~~ sections 5050(c), ~~Section~~ 5054, and ~~Section~~ 5096.12, this section applies to a respondent who practices for a time without a valid license to practice or to respondent who practices without obtaining a practice privilege.

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5050(c) PRACTICE WITHOUT PERMIT;TEMPORARY PRACTICE; FOREIGN ACCOUNTANTS

Applies to respondents licensed in a foreign country who are temporarily practicing in California and hold out as California licensees.

Minimum Penalty - ~~Correction of Violation~~ Cease and Desist Letter

Maximum Penalty - ~~Revoke authorization to practice~~ Refer to Prosecutorial Agency for Unlicensed Practice

(See section on Unlicensed Activities.)

~~**Section 5054 PREPARATION OF TAX RETURNS BY INDIVIDUALS AND FIRMS OUTSIDE THE STATE**~~

~~Minimum Penalty - Correction of Violation~~
~~Maximum Penalty - Revoke authorization to practice~~

Section 5055 TITLE OF CERTIFIED PUBLIC ACCOUNTANT/
Section 5056 TITLE OF PUBLIC ACCOUNTANT
(Applies to respondent who assumes or uses the title certified public accountant, CPA, public accountant, or PA without having an appropriate permit to practice.)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7.Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058 USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]

~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 2)

Section 5058.1 TITLES IN CONJUNCTION WITH CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
2. Continuing Education Courses [36]
~~1.~~3.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5058.3 RETIRED DESIGNATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [15-24]

If warranted: 1. Probation Monitoring Costs [27]

2. Continuing Education Courses [36]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

ARTICLE 3.5

Section 5060 NAME OF FIRM

Minimum Penalty - ~~Continuing Education Courses [25]~~ Continuing Education Courses [36] for licensee, licensee partners, licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5072)

Section 5061 COMMISSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Peer Review [~~22~~33]
~~9.~~10. CPA Exam [~~23~~34]
~~10.~~11. Samples – Audits, Review or Compilation [~~27~~38]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5100(j))

Section 5062.2 RESTRICTIONS ON ACCEPTING EMPLOYMENT WITH AN AUDIT CLIENT

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5063 REPORTABLE EVENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~Revocation [1,2]

CONDITIONS OF PROBATION:

Required:
1. ~~3 years probation~~ If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
4. Restricted Practice [28]

~~3.~~5.Ethics Continuing Education [~~20~~31]
~~4.~~6. Regulatory Review Course [~~21~~32]
~~5.~~7. Continuing Education Courses [~~25~~36]
8. Samples – Audit, Review or Compilation [38]
9. Probation from Handling Funds [39]
10. Community Service - Free Services [40]
~~6.~~11. Notice to Clients [~~31~~42]
~~7.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 4

~~**Section 5070.7 FAILURE TO RENEW WITHIN FIVE YEARS**~~

~~Minimum Penalty - Certificate canceled immediately and returned to the Board~~
~~Maximum Penalty - CPA Exam [23]~~

Section 5070.1(b) PRACTICE WITH A RETIRED LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5071.2(b) PRACTICE WITH A MILITARY LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]
5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5072(a) **REQUIREMENTS FOR REGISTRATION AS A PARTNERSHIP**
Applies to licensee(s) in a partnership who practices for a time without partnership license (~~Section~~ section 5073) and subsequently renews, or to a partnership in practice without a license.

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation of partnership/individual licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Continuing Education Courses [~~25~~36]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(See ~~also~~ section on **Unlicensed Activities.**)

Section 5073(d) **PARTNERSHIP APPLICATIONS (ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty - Continuing Education Courses for Licensee Partners [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5076(a) **PEER REVIEW**

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
7. Peer Review [33]
~~6.~~8. Continuing Education Courses [~~25~~36]
~~7.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 40, 32, 43)

Section 5076(f) PEER REVIEW – DOCUMENT SUBMISSION REQUIREMENT

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 46)

Section 5078 OFFICES NOT UNDER PERSONAL MANAGEMENT OF CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT; SUPERVISION

Minimum Penalty - Continuing ~~education~~ Education Courses for Licensee Owners [~~25~~36] and/or require CPA or PA to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to insure compliance [~~10~~20]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty - Continuing Education Courses [~~25~~36] for California licensee partners or for licensee shareholders of corporation

Maximum Penalty - Revocation of partnership or corporate registration and individual licenses [1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed, 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
3.4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 51.1)

ARTICLE 5

Section 5081(a) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION (ACTS DENYING ADMISSION TO EXAM)

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of Section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued

(Reference relevant section for discipline based upon nature of act.)

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5081(b)(c) REQUIREMENTS FOR ADMISSION TO CERTIFIED PUBLIC ACCOUNTANT EXAMINATION

Minimum/Maximum Penalty - Denial of admission to examination, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

Section 5088 INTERIM PRACTICE RIGHTS: OUT OF STATE CPA

Minimum/Maximum Penalty - If Board rejects application, cease practice immediately. If practice continues, see provisions on **Unlicensed Activities** and **Practice Privilege**.

Section 5095(a) MINIMUM NUMBER OF ATTEST SERVICES HOURS; ATTEST EXPERIENCE

Minimum Penalty - ~~Correction of Violation~~ Revocation stayed and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]

~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. CPA Exam [~~23~~34]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Active License Status [~~26~~36]
~~8.~~9. Notification to Clients/Cessation of Practice [~~31~~42]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty: Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22,~~15-21,23,24]

If warranted:
1. Suspension [3]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(2) COMPLY WITH RULES, LAWS, AND STANDARDS

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~30]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(3) PRACTICE FROM AN UNAUTHORIZED OFFICE IN THIS STATE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~21~~31]

~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096(e)(6), (7), (8), & (9) FAILURE TO CEASE EXERCISING THE PRACTICE PRIVILEGE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Ethics Continuing Education [~~20~~31]
2. Regulatory Review Course [~~21~~32]
3. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(e)(10)Failure to Report Pending Criminal Charges

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [1,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [15-21, 23, 24]

If warranted: 1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [23]
4. Administrative Penalty not to exceed maximum set forth in Section 5116 [43]

Section 5096(f) FAILURE TO NOTIFY THE BOARD/CEASE PRACTICE

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years pursuant to Section 5096(g).

Section 5096(i) FAILURE TO FILE PRE-NOTIFICATION FORM

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

If it is determined that the failure to cease practice or provide the notice was intentional, that individual's practice privilege shall be revoked and there shall be no possibility of reinstatement for a minimum of two years.

Section 5096.5 UNAUTHORIZED SIGNING OF ATTEST REPORTS

Minimum Penalty: Revocation stayed [~~1-2~~1,2, 4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Suspension [3] (Section 5096(g)).
3. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~ 31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

Section 5096.12 FIRM PRACTICING WITHOUT A PRACTICE PRIVILEGE HOLDER

Minimum Penalty: Revocation stayed [~~1-2~~1,2,4] 3 years probation
Maximum Penalty: Revoke Practice Privilege [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~13-19,21,22~~15-21,23,24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Suspension [3] (Section 5096(g)).
~~2.~~3.Ethics Continuing Education [~~29~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5.5

Section 5097 AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Library Reference Material [~~19~~30]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10.Continuing Education Courses [~~25~~36]
~~10.~~11.Samples - Audits, Review or Compilation [~~27~~38]
~~11.~~12.Community Service – Free Services [~~29~~40]
~~12.~~13.Notice to Clients [~~31~~42]
~~13.~~14.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Sections 68.2, 68.3, 68.4, 68.5)

ARTICLE 6

Section 5100 DISCIPLINE IN GENERAL, (including but not limited to that set forth in subsections (a) through (l) of this ~~Section~~ section)

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Optional conditions which relate to underlying facts and circumstances; reference conditions listed in 5100 (a)-(j)
~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(a) CONVICTION OF ANY CRIME SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTIONS AND DUTIES OF A CPA/PA

FOR FELONY CONVICTIONS OR MULTIPLE ~~SEVERAL~~ MISDEMEANOR CONVICTIONS:

Minimum Penalty - Revocation stayed. Actual suspension from practice 120 days. Three years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Compilation or Review [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~13.~~14.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

IN THE CASE OF A SINGLE MISDEMEANOR VIOLATION, TAILOR PROBATION TO CIRCUMSTANCES; ADJUSTING THE REQUIRED CONDITIONS ACCORDINGLY AND CHOOSING APPROPRIATE WARRANTED CONDITIONS FROM THE ABOVE LIST.

Section 5100(b) FRAUD OR DECEIT IN OBTAINING LICENSE/PERMIT/REGISTRATION

Minimum Penalty - Revocation stayed with 180 days actual suspension and 3 years probation (if license was issued). Cannot apply for license for 12 months (if not yet licensed), and, if application is subsequently approved, conditional license with probation for 3 years.

Maximum Penalty - Revocation or application denied. [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2. Ethics Continuing Education [~~20~~31]
~~2.~~3. Regulatory Review Course [~~21~~32]
3.4. Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(c) DISHONESTY, FRAUD, GROSS NEGLIGENCE, OR REPEATED ACTS OF NEGLIGENCE IN THE PRACTICE OF PUBLIC ACCOUNTANCY OR THE PERFORMANCE OF BOOKKEEPING

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Peer Review [~~22~~33]
~~7.~~8. CPA Exam [~~23~~34]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notification to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(d) CANCELLATION, REVOCATION OR SUSPENSION BY ANY OTHER STATE OR FOREIGN COUNTRY

Minimum Penalty - Revocation stayed [1,2,4], probation 3 years
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]

~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5100(f) VIOLATIONS OF PROVISIONS OF SECTION 5120

Section 5120 states "Any person who violates any of the provisions of Article 3 (commencing with ~~Section~~ section 5050) is guilty of a misdemeanor, punishable by imprisonment for not more than six months, or by a fine of not more than one thousand dollars, or both." Whenever the Board has reason to believe that any person is liable for punishment under this article, the Board, or its designated representatives, may certify the facts to the appropriate enforcement officer of the city or county where the alleged violation had taken place and the officer may cause appropriate proceedings to be brought.

Violations of Article 3 include:

5050 and 5051	PRACTICE WITHOUT PERMIT/" PUBLIC ACCOUNTANCY" DEFINED

5055 and 5056	TITLE OF CERTIFIED PUBLIC ACCOUNTANT/ PUBLIC ACCOUNTANT
5058	USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED
~~5060~~	~~NAME OF FIRM~~
~~5061~~	~~COMMISSIONS~~
~~5062~~	~~REPORT CONFORMING TO PROFESSIONAL STANDARDS~~

Minimum/Maximum Penalty - See specific statute/regulation violated for recommended penalty

Section 5100(g) WILLFUL VIOLATION OF THE ACCOUNTANCY ACT, OR A RULE OR REGULATION PROMULGATED BY THE BOARD

Minimum/Maximum Penalty - See specific statute or regulation violated for recommended penalty

Section 5100(h) SUSPENSION OR REVOCATION OF THE RIGHT TO PRACTICE BEFORE ANY GOVERNMENTAL BODY OR AGENCY

Minimum Penalty - Revocation stayed [~~1-2,~~1,2,4] 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~16~~26]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(i) FISCAL DISHONESTY OR BREACH OF FIDUCIARY RESPONSIBILITY OF ANY KIND

Minimum Penalty - Revocation stayed, 30 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~12.~~13. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(j) KNOWING PREPARATION, PUBLICATION OR DISSEMINATION OF FALSE, FRAUDULENT, OR MATERIALLY MISLEADING FINANCIAL STATEMENTS, REPORTS, OR INFORMATION

Minimum Penalty - Revocation stayed, 60 days suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 to 5 years probation
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [23] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]

~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~13.~~14. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(k) EMBEZZLEMENT, THEFT, MISAPPROPRIATION OF FUNDS OR PROPERTY, OR OBTAINING MONEY, PROPERTY OR OTHER VALUABLE CONSIDERATION BY FRAUDULENT MEANS OR FALSE PRETENSES

Minimum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Suspension [3]
3. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7.CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Notice to Clients [~~31~~42]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR SECURITIES AND EXCHANGE COMMISSION

Minimum Penalty - Revocation stayed [~~1-2~~1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. CPA Exam [~~23~~34] or Enrolled Agents Exam [~~24~~35]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10. Samples - Audit, Review or Compilation [~~27~~38]
~~10.~~11. Prohibition from Handling Funds [~~28~~39]
~~11.~~12. Community Service – Free Services [~~29~~40]
~~12.~~13. Notice to Clients [~~31~~42]
~~13.~~14. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~14.~~15. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF PUBLIC ACCOUNTANCY IN ANOTHER STATE

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:

1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:

1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]

~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Active License Status [~~26~~37]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5101 DISCIPLINE OF PARTNERSHIP

Minimum Penalty - ~~Probation; require CPA or PA partners to develop standards for supervision, and implement a practice plan; permit practice investigation within 3 months to ensure compliance [10]~~Revocation stayed [1,2,4], 3 years probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
~~1.~~2.Supervised Practice [~~15~~25]
~~2.~~3.Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~3.~~5.Restricted Practice [~~17~~28]
~~4.~~6. Engagement Letters [~~18~~29]
~~5.~~7. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

Section 5104 **RELINQUISHMENT OF CERTIFICATE OR PERMIT** (revocation or suspension)

Minimum/Maximum Penalty - Revocation [~~1-2~~1,2]

Section 5105 ~~**DELINQUENCY IN PAYMENT OF RENEWAL FEE**~~ **RELINQUISHMENT OF CERTIFICATE OR PERMIT** (delinquent)

Minimum/Maximum Penalty – Revocation [1,2]

~~Minimum Penalty - Relinquish certificate [30] which will be reissued under Section 5070.6 guidelines (payment of renewal and delinquency fees and compliance with continuing education guidelines)~~
~~Maximum Penalty - Revocation [1-2]~~

Section 5110(a) **ACTS CONSTITUTING CAUSE FOR BOARD'S DENIAL OF EXAM APPLICATION OR ADMISSION, VOIDANCE OF GRADES, OR DENIAL OF LICENSE APPLICATION OR REGISTRATION**

Minimum/Maximum Penalty - Denial of admission to examination, denial of licensure application, or revocation of license if issued.

If warranted: 1. Administrative Penalty not to exceed maximum set forth in Section 5116 [~~32~~43]

ARTICLE 7

Sections 5120/5121 VIOLATIONS AS MISDEMEANOR/EVIDENCE OF VIOLATION

See Section 5100(f) and section on **Unlicensed Activities**.

ARTICLE 9

Section 5152 CORPORATION REPORTS

Minimum Penalty - Continuing Education Courses [36] for ~~officers of corporation [25]~~ licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]

Section 5152.1 ACCOUNTANCY CORPORATION RENEWAL OF PERMIT TO PRACTICE

Minimum Penalty - ~~Continuing Education for officers of corporation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Suspend corporate accountancy registration and/or individual licenses for 90 days [3]
See sections 5050 and 5060(b)

Section 5154 DIRECTORS, SHAREHOLDERS, AND OFFICERS MUST BE LICENSED

Minimum Penalty - Continuing Education Courses ~~[25]~~for licensee directors, shareholders, and/or officers of corporation [36]
Maximum Penalty - Revocation of corporate registration [~~1-2~~1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5155 DISQUALIFIED SHAREHOLDER NONPARTICIPATION

Minimum Penalty - ~~Continuing Education Courses [25]~~ Revocation stayed [1,2,4}, 3 years probation
Maximum Penalty - Revocation of individual and corporate license [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 5156 UNPROFESSIONAL CONDUCT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [~~25~~36] for licensee directors, shareholders, and/or officers of corporation
Maximum Penalty - Revocation of individual and corporate licenses [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If Revocation stayed [4], 3-5 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31] for licensee directors, shareholders and/or officers
~~3.~~4.Regulatory Review Course [~~21~~32] for licensee directors, shareholders and/or officers
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: An accountancy corporation is bound by the same regulations as individual respondents. See specific statute or regulation violated for recommended penalty.

Section 5158 PRACTICE OF PUBLIC ACCOUNTANCY; MANAGEMENT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [36] for licensee directors, stakeholders, and/or officers of corporation. Require CPA or PA to develop management plan; permit practice investigation within 3 months to ensure compliance with management requirement and plan [~~10,23~~20,33]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If Revocation stayed [4], 3-5 years probation
~~1.~~2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Cost [27]
~~3.~~4.Restricted Practice [~~17~~28]

~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~8.~~9. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS
TITLE 16 CALIFORNIA CODE OF REGULATIONS

ARTICLE 1: GENERAL

SECTION 3 NOTIFICATION OF CHANGE OF ADDRESS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - 90 day Suspension [3]

SECTION 5 OBSERVANCE OF RULES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6.Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Note: Reference the specific regulation for appropriate discipline.

ARTICLE 2: EXAMINATIONS

SECTION 8.2 REQUIREMENTS FOR ISSUANCE OF THE AUTHORIZATION TO TEST

Minimum Penalty - Probationary conditions on initial license (if not yet licensed) or revocation, stayed with probation (if already licensed); reference appropriate subsection of ~~Section~~ section 5100 for applicable provisions

Maximum Penalty - Denial of admission to examination or revocation of license if issued; Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 3: PRACTICE PRIVILEGES

SECTION 20 NOTIFICATION OF CHANGE OF INFORMATION FOR REGISTERED OUT-OF-STATE ACCOUNTING FIRMS

Minimum Penalty: ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty: 90 day Suspension [3]

CONDITIONS OF PROBATION:
Required:
1. If suspension stayed [4], probation 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Administrative Penalty not to exceed maximum set forth in section 5116 [~~32~~43]

ARTICLE 5: REGISTRATION

Section 37.5 FINGERPRINTING

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted:
1. Probation Monitoring Costs [27]
2. Ethics Continuing Education [31]
3. Regulatory Review Course [32]
4. Continuing Education Courses [36]
5. Administrative Penalty not to exceed maximum set forth in Section 5116 [43]

ARTICLE 6: PEER REVIEW

SECTION 40(a)(b)(c) ENROLLMENT AND PARTICIPATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]

2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Peer Review [~~22~~33]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Sample – Audit, Review or Compilation [~~27~~38]
~~9.~~10. Notification to Clients/Cessation of Practice [~~31~~42]
~~10~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 44 NOTIFICATION OF EXPULSION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~ 1,2]
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~ 15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~ 25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~ 28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7.Continuing Education Courses [~~25~~36]
~~7.~~8.Sample – Audit, Review or Compilation [~~27~~38]
~~8.~~9.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~9.~~10. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(a)

SECTION 46(a) DOCUMENT SUBMISSION REQUIREMENTS
Applies to firms that receive a substandard peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5076(f))

SECTION 46(b) DOCUMENT SUBMISSION REQUIREMENTS

Applies to firms that receive a "pass" or "pass with deficiencies" peer review rating.

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 9: RULES OF PROFESSIONAL CONDUCT

SECTION 50 CLIENT NOTIFICATION

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

Section 50.1 ATTEST CLIENT NOTIFICATION

Minimum Penalty - Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Ethics Continuing Education [31]
4. Regulatory Review Course [32]
5. Administrative Penalty not to maximum set forth in section 5116 [43]

SECTION 51 FIRMS WITH NONLICENSEE OWNERS

Minimum Penalty – ~~Correction of Violation~~ Continuing Education Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty – Revocation stayed, suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Restricted Practice [~~17~~28]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5 Regulatory Review Course [~~21~~32]
~~5.~~6.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 51.1 NOTIFICATION OF NON-LICENSEE OWNERSHIP

Minimum Penalty - Continuing Education ~~[25]~~Courses [36] for California licensee partners or for licensee shareholders of corporation
Maximum Penalty - Revocation of partnership or corporate registration and individual licenses

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4 Regulatory Review Course [~~21~~32]

~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5079)

SECTION 52 RESPONSE TO BOARD INQUIRY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 53 DISCRIMINATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4.Continuing Education Courses [~~25~~36]
~~4.~~5.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 54.1 DISCLOSURE OF CONFIDENTIAL INFORMATION PROHIBITED

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - ~~Revocation stayed; 90 day suspension, 3 years probation [1-4]~~ Revocation [1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. ~~Suspension [3]~~Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Continuing Education Courses [~~25~~36]
~~6.~~7. Notice to Clients [~~31~~42]
~~7.~~8. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required: 1. If revocation stayed, [~~1-2,~~ 4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Supervised Practice [~~15~~25]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4. Regulatory Review Course [~~21~~32]
~~4.~~5. Continuing Education Courses [~~25~~36]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION
Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
6. Engagement Letters [29]
~~5.~~7. Ethics Continuing Education [~~20~~31]
~~6.~~8. Regulatory Review Course [~~21~~32]
~~7.~~9. Continuing Education Courses [~~25~~36]
10. Community Service—Free Services [40]

~~8.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty ~~– Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]

~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10. Community Service – Free Services [~~29~~40]
~~10.~~11. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Engagement Letters [~~18~~29]
~~5.~~6. Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Continuing Education Courses [~~25~~36]
~~10.~~11. Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 59 REPORTING OF RESTATEMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 60 REPORTING OF INVESTIGATIONS BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Community Service – Free Services [~~29~~40]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 61 THE REPORTING OF SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8.Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [1~~-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9. Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 63 ADVERTISING

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3.Ethics Continuing Education [~~20~~31]
~~3.~~4.Regulatory Review Course [~~21~~32]
~~4.~~5.Community Service – Free Services [~~29~~40]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 65 INDEPENDENCE

Minimum Penalty - ~~Correction of Violation and/or Continuing Education Courses [25]~~Revocation stayed [1,2,4], 3 years of probation
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~,4], probation of 3 to 5 years

2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]
~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Peer Review [~~22~~33]
~~9.~~10.CPA Exam [~~23~~34]
~~10.~~11.Samples - Audit, Review or Compilation [~~27~~38]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 67 APPROVAL OF USE OF FICTITIOUS NAME

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 90 day suspension, 3 years probation [1-4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3. Regulatory Review Course [~~21~~32]
~~3.~~4. Community Service – Free Services [~~29~~40]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [~~1-2~~1,2,4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Restitution [~~16~~26]
4. Probation Monitoring Costs [27]
~~4.~~5.Restricted Practice [~~17~~28]
~~5.~~6.Engagement Letters [~~18~~29]
~~6.~~7.Ethics Continuing Education [~~20~~31]

~~7.~~8.Regulatory Review Course [~~21~~32]
~~8.~~9.Continuing Education Courses [~~25~~36]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~11.~~12.Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

(Reference Section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Engagement Letters [~~18~~29]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~7. Regulatory Review Course [~~21~~32]
~~7.~~8. Continuing Education Courses [~~25~~36]
~~8.~~9. Community Service – Free Services [~~29~~40]
~~9.~~10. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]
~~10.~~11. Conditions as appropriate relating to physical or mental disability or condition [~~31-36~~44-49]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]

~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Peer Review [~~22~~33]
~~7.~~8. CPA Exam [~~23~~24]
~~8.~~9. Samples - Audits, Review or Compilation [~~27~~38]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11. Notice to Clients [~~31~~42]
~~11.~~12. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~6.~~9.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9.CPA Exam [~~23~~34]
~~9.~~10.Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11.Community Service – Free Services [~~29~~40]
~~11.~~12.Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 68.5 AUDIT DOCUMENTATION RETENTION AND DESTRUCTION POLICY

Minimum Penalty - Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:
Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]
3. Continuing Education Courses [~~25~~36]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Library Reference Material [~~19~~30]
~~5.~~6.Ethics Continuing Education [~~20~~31]
~~5.~~7.Regulatory Review Course [~~21~~32]
~~7.~~8.Peer Review [~~22~~33]
~~8.~~9. CPA Exam [~~23~~34]
~~9.~~10. Samples - Audits, Review or Compilation [~~27~~38]
~~10.~~11. Community Service – Free Services [~~29~~40]
~~11.~~12. Notice to Clients [~~31~~42]
~~12.~~13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

(Reference Section 5097)

SECTION 69 CERTIFICATION OF APPLICANT'S EXPERIENCE

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2,~~4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]

~~3.~~4.Ethics Continuing Education [~~20~~31]
~~4.~~5.Regulatory Review Course [~~21~~32]
~~5.~~6. Community Service – Free Services [~~29~~40]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~46]

ARTICLE 11: ACCOUNTANCY CORPORATION RULES

SECTION 75.8 SECURITY FOR CLAIMS AGAINST AN ACCOUNTANCY CORPORATION

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Supervised Practice [~~15~~25]
2. Restitution [~~16~~26]
3. Probation Monitoring Costs [27]

~~3.~~4.Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples - Audit, Review or Compilation [~~27~~38]
~~8.~~9. Prohibition from Handling Funds [~~28~~39]
~~9.~~10.Community Service – Free Services [~~29~~40]
~~10.~~11.Notification to Clients [~~31~~42]
~~11.~~12.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.9 SHARES: OWNERSHIP AND TRANSFER

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Revocation of corporate registration [1,2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
~~1.~~2.Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
~~2.~~3. Restricted Practice [~~17~~28]
~~3.~~4. Ethics Continuing Education [~~20~~31]
~~4.~~5. Regulatory Review Course [~~21~~32]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 75.11(b) CERTIFICATION OF REGISTRATION; CONTINUING VALIDITY; NOTIFICATION OF NAME AND ADDRESS CHANGES

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - ~~Revocation stayed, 90 day suspension, 3 years probation [1-4]~~Suspend corporate accountancy registration and/or individual licensees for 90 days [3]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Restricted Practice [~~17~~28]
3. Ethics Continuing Education [~~20~~31]
4. Regulatory Review Course [~~21~~32]
5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12: CONTINUING EDUCATION RULES

Section 80 INACTIVE LICENSE STATUS

Minimum Penalty - Continuing Education Courses [36]
Maximum Penalty - Revocation [1,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
3. Restricted Practice [28]
4. Ethics Continuing Education [31]

5. Regulatory Review Course [32]
6. Continuing Education Courses [36]
7. Active License Status [37]
8. Administrative Penalty not to exceed maximum set forth in section 5116 [43]

SECTION 81(a) CONTINUING EDUCATION REQUIREMENTS FOR RENEWING AN EXPIRED LICENSE

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]
3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5. Ethics Continuing Education [~~20~~31]
~~5.~~6. Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [~~25~~36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Active License Status [~~26~~37]
~~5.~~6. Samples - Audit, Review or Compilation [~~27~~38]
~~6.~~7. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.6 RECORDS REVIEW CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 87.8 REGULATORY REVIEW COURSE

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]

Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:
Required: 1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Continuing Education Courses [~~25~~36]

~~3.~~4.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89 CONTROL AND REPORTING

Minimum Penalty - ~~Correction of Violation [25]~~Continuing Education Courses [36]

Maximum Penalty - Revocation [~~1-2~~1,2]

CONDITIONS OF PROBATION:

Required:
1. If revocation stayed [~~1-2, 4~~], 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 89.1 REPORTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,~~1,2,4]

CONDITIONS OF PROBATION:

Required:
1. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Probation Monitoring Costs [27]

~~1.~~2.Ethics Continuing Education [~~20~~31]
~~2.~~3.Regulatory Review Course [~~21~~32]
~~3.~~4. Continuing Education Courses [~~25~~36]
~~4.~~5. Samples - Audit, Review or Compilation [~~27~~38]
~~5.~~6. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [~~25~~36]
Maximum Penalty – Revocation [~~1-2~~1,2]
CONDITIONS OF PROBATION

Required:
1. If revocation stayed [4] 3 years probation
2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted:
1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~15~~25]

3. Probation Monitoring Costs [27]
~~3.~~4. Restricted Practice [~~17~~28]
~~4.~~5.Ethics Continuing Education [~~20~~31]
~~5.~~6.Regulatory Review Course [~~21~~32]
~~6.~~7. Continuing Education Courses [~~25~~36]
~~7.~~8. Samples – Audit, Review or Compilation [~~27~~38]
~~8.~~9. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

ARTICLE 12.5: CITATIONS AND FINES

SECTION 95.4 FAILURE TO COMPLY WITH CITATION

Minimum Penalty - Compliance with Citation Abatement Order and/or Fine as issued
Maximum Penalty - Revocation stayed, 3 years probation [~~1-2,4~~1,2,4]

CONDITIONS OF PROBATION:
Required:
1. Standard Conditions of Probation [~~5-14~~15-24]
2. Restitution [~~16~~26]
3. Compliance with Citation Abatement Order and/or Fine

If warranted:
1. Probation Monitoring Costs [27]
~~1.~~2.Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [~~32~~43]

VIOLATION OF PROBATION

Minimum penalty - Citation and Fine ~~(13)~~(19)
Maximum penalty - Vacate stay order and impose penalty that was previously stayed; and/or revoke, separately and severally, for violation of probation and/or for any additional offenses. [1-4]

California Code of Regulations ~~Section~~ section 95 provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 to a licensee for violation of a term or condition contained in a decision placing that licensee on probation.

The maximum penalty is appropriate for repeated **similar** offenses, or for probation violations indicating a cavalier or recalcitrant attitude. If the probation violation is due in part to the commission of additional offense(s), additional penalties shall be imposed according to the nature of the offense; and the probation violation shall be considered as an aggravating factor in imposing a penalty for those offenses.

UNLICENSED ACTIVITIES

If any unlicensed individual or firm violates, or is suspected of violating, any of the following Business and Professions Code sections, the matter may be referred to the Division of Investigation and if the allegation is confirmed, to the District Attorney or other appropriate law enforcement officer for prosecution.

Section 5050	**Section 5056**	**Section 5072**
Section 5051	**Section 5058**	**Section 5088**
Section 5055	**Section 5071**	

~~Board~~ CCR ~~Section~~ section 95.6 also provides the authority for the Executive Officer to issue citations and fines from $100 to $5000 and an order of abatement against any person defined in Business and Professions Code ~~Section~~ section 5035 who is acting in the capacity of a licensee under the jurisdiction of the CBA.

Section 5120 provides that any person who violates any provisions of Article 3 is guilty of a misdemeanor and can be imprisoned for not more than 6 months or assessed a fine of not more than $1,000 or both. Injunctions may be requested (see ~~Section~~ section 5122 immediately following).

INJUNCTIONS

Section 5122 provides that "Whenever in the judgment of the Board (or with its approval, in the judgment of the Enforcement Advisory Committee), any person has engaged, or is about to engage, in any acts or practices which constitute, or will constitute, an offense against this chapter, the Board may make application to the appropriate court for an order enjoining the acts or practices, and upon showing by the Board that the person has engaged, or is about to engage, in any such acts or practices, an injunction, restraining order, or such other order that may be appropriate shall be granted by the court." This section applies to licensees and unlicensed persons.

VIII. MODEL ~~DISCIPLINARY~~ ORDERS

LICENSEES

1. **Revocation** - Single Cause:

   _____License No._____issued
   (Ex: Certified Public Accountant) (Ex: 00000)

   to respondent_____is revoked.
   (Name)

2. **Revocation -** Multiple Causes**:**

   _____License No._____issued to respondent_____is revoked pursuant to Determination(s) of Issues_____separately and for all of them.

3. **Suspension:**

   _____License No._____issued to respondent_____is suspended for _____. During the period of suspension the respondent shall engage in no activities for which certification as a Certified Public Accountant or Public Accountant is required as described in Business and Professions Code, Division 3, Chapter 1, Section 5051.

4. **Standard Stay Order:**

   However,____(revocation/suspension)_____ is stayed and respondent is placed on probation for____years upon the following terms and conditions:

PETITIONS FOR REINSTATEMENT

5. **Grant petition without restrictions on the license:**

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate s hall be fully restored.

6. Grant petition and place license on probation:

The petition for reinstatement filed by _____ is hereby granted. Petitioner's certificate shall be fully restored. However, the certificate shall then be immediately revoked, the revocation shall be stayed, and petitioner shall be placed on probation for __ years upon the following terms and conditions *(list standard and applicable optional conditions of probation):*

7. Grant petition and place license on probation after petitioner completes conditions precedent to reinstatement of the license:

The petition for reinstatement filed by _____ is hereby granted and Petitioner's certificate shall be fully reinstated upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above, Petitioner's certificate shall be reinstated. Upon reinstatement, Petitioner's certificate shall be revoked. However, said revocation shall be stayed and Petitioner shall be placed on probation for a period of ___ years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

8**. Deny Petition:**

The petition for reinstatement filed by _____ is hereby denied. Option: In accordance with Section 5115(a) of the Business and Professions Code, Petitioner may file a new petition for reinstatement only after _____ years have elapsed from the effective date of this decision.
Note: (3 years maximum)

Note: Business and Professions Code section 5115 also allows a person to file a petition for a reduction in penalty. The above checklist can also be used for these petitions.

PETITION FOR REVOCATION OF PROBATION

9. Revocation of Probation:

Certified Public Accountant Certificate No. _____, heretofore issued to Respondent _____, is revoked.

10. Continuance of Probation:

However, revocation is stayed and respondent is placed on probation for years upon the following terms and conditions:

APPLICANTS

11. Grant application without restrictions on the license:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees.

12. Grant application and place license on probation:

The application of respondent _____ for initial licensure is hereby granted and a license shall be issued to respondent upon successful completion of all licensing requirements including payment of all fees. However, said license shall immediately be revoked, the order of revocation stayed and respondent's license placed on probation for a period of _____ years on the following conditions:

13. Grant application and place license on probation after applicant completes conditions precedent to reinstatement of the license:

The application filed by _____ for initial licensure is hereby granted and a license shall be issued upon the following conditions precedent *(list conditions precedent such as restitution, cost reimbursement, completion of CE, completion of rehabilitation program, take and pass CPA/Enrolled Agents exam, etc):*

Upon completion of the conditions precedent above and successful completion of all licensing requirements, Respondent shall be issued a license. However, the license shall be immediately revoked, the revocation shall be stayed, and Respondent shall be placed on probation for a period of ____years under the following terms and conditions *(list standard and applicable optional conditions of probation):*

14. Deny Application:

The application of Respondent _____ for initial licensure is hereby denied.

STANDARD CONDITIONS OF PROBATION
(TO BE INCLUDED IN ALL CASES OF PROBATION)

15. ~~5.~~**Obey All Laws**
Respondent shall obey all federal, California, other states' and local laws, including those rules relating to the practice of public accountancy in California.

16. ~~6.~~**Cost Reimbursement**
Respondent shall reimburse the Board $_____for its investigation and prosecution costs. The payment shall be made within __ days/months of the date the Board's decision is final.

Option: The payment shall be made as follows: _____[specify either prior to the resumption of practice or in quarterly payments (due with quarterly written reports), the final payment being due one year before probation is scheduled to terminate].

17. ~~7.~~**Submit Written Reports**
Respondent shall submit, within 10 days of completion of the quarter, written reports to the Board on a form obtained from the Board. The respondent shall submit, under penalty of perjury, such other written reports, declarations, and verification of actions as are required. These declarations shall contain statements relative to respondent's compliance with all the terms and conditions of probation. Respondent shall immediately execute all release of information forms as may be required by the Board or its representatives.

18. ~~8.~~**Personal Appearances**
Respondent shall, during the period of probation, appear in person at interviews/meetings as directed by the Board or its designated representatives, provided such notification is accomplished in a timely manner.

19. ~~9.~~**Comply With Probation**
Respondent shall fully comply with the terms and conditions of the probation imposed by the Board and shall cooperate fully with representatives of the California Board of Accountancy in its monitoring and investigation of the respondent's compliance with probation terms and conditions.

20. ~~10.~~**Practice Investigation**
Respondent shall be subject to, and shall permit, a practice investigation of the respondent's professional practice. Such a practice investigation shall be conducted by representatives of the Board, provided notification of such review is accomplished in a timely manner.

21. ~~11.~~**Comply With Citations**
Respondent shall comply with all final orders resulting from citations issued by the California Board of Accountancy.

22. ~~12.~~**Tolling of Probation for Out-of-State Residence/Practice**

In the event respondent should leave California to reside or practice outside this state, respondent must notify the Board in writing of the dates of departure and return. Periods of non-California residency or practice outside the state shall not apply to reduction of the probationary period, or of any suspension. No obligation imposed herein, including requirements to file written reports, reimburse the Board costs, and make restitution to consumers, shall be suspended or otherwise affected by such periods of out-of-state residency or practice except at the written direction of the Board.

23. ~~13.~~**Violation of Probation**

If respondent violates probation in any respect, the Board, after giving respondent notice and an opportunity to be heard, may revoke probation and carry out the disciplinary order that was stayed. If an accusation or a petition to revoke probation is filed against respondent during probation, the Board shall have continuing jurisdiction until the matter is final, and the period of probation shall be extended until the matter is final.

The CBA's Executive Officer may issue a citation under California Code of Regulations, Section 95, to a licensee for a violation of a term or condition contained in a decision placing that licensee on probation.

24. ~~14.~~**Completion of Probation**

Upon successful completion of probation, respondent's license will be fully restored.

OPTIONAL CONDITIONS OF PROBATION
(To Be Included In Cases Where Appropriate)

25. ~~15.~~**Supervised Practice**
Within thirty days of the effective date of this decision, respondent shall submit to the Board or its designee for its prior approval a plan of practice that shall be monitored by another CPA or PA who provides periodic reports to the Board or its designee. Respondent shall pay all costs for such monitoring.

26. ~~16.~~**Restitution**
Respondent shall make restitution to _____ in the amount of $_____ and shall provide the Board with a written release from _____ attesting that full restitution has been paid. Restitution shall be completed before the termination of probation.

Note: Business and Professions Code section 143.5 prohibits the CBA from requiring restitution in disciplinary cases when the CBA's case is based on a complaint or report that has also been the subject of a civil action and that has been settled for monetary damages providing for full and final satisfaction of the parties in the civil action.

27. **Probation Monitoring Costs**
Respondent shall pay all costs associated with probation monitoring as determined by the CBA. Such costs shall be payable to the CBA within 30 days. Failure to pay such costs by the deadline(s) as directed shall be considered a violation of probation. If costs are billed after the completion of the probationary period, the obligation to pay the costs shall continue, but the probation shall not be extended.

28. ~~17.~~**Restricted Practice**
Respondent shall be prohibited from _____(performing certain types of engagements such as audits, reviews, compilations, or attestation engagements, etc.), and/or from practice in_____ (certain specialty areas, i.e. bookkeeping, write-up, tax, auditing, etc.).

29. ~~18.~~**Engagement Letters**
Respondent shall use engagement letters with each engagement accepted during probation and shall provide copies of same to the Board or its designee upon request.

30. ~~19.~~**Library Reference Materials**
Respondent shall have immediate access to, shall use, and shall maintain published materials and/or checklists that are consistent with the practice. Such materials and checklists shall be produced on-site for review by the Board or its designee upon reasonable notice.

31. ~~20.~~**Ethics Continuing Education**
Respondent shall complete four hours of continuing education in course subject matter pertaining to the following: 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; or business ethics, ethical sensitivity, and consumer expectations (within a given period of time or prior

to resumption of practice). Courses must be a minimum of one hour as described in California Code of Regulations ~~Section~~ section 88.2, (Courses will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

32. ~~21.~~**Regulatory Review Course**

Respondent shall complete a CBA-approved course on the provisions of the California Accountancy Act and the California Board of Accountancy Regulations specific to the practice of public accountancy in California emphasizing the provisions applicable to current practice situations (within a given period of time or prior to resumption of practice). The course also will include an overview of historic and recent disciplinary actions taken by the CBA, highlighting the misconduct which led to licensees being disciplined. The course shall be (a minimum of ~~two hours~~) two hours.

If respondent fails to complete said courses within the time period provided, respondent shall so notify the CBA and shall cease practice until respondent completes said courses, has submitted proof of same to the CBA, and has been notified by the CBA that he or she may resume practice. Failure to complete the required courses no later than 100 days prior to the termination of probation shall constitute a violation of probation. This shall be in addition to continuing education requirements for relicensing.

33. ~~22.~~ **Peer Review**

During the period of probation, all audit, review, and compilation reports and work papers shall be subject to peer review by a certified peer reviewer at respondent's expense. The review shall evaluate the respondent's and his/her firm's system of quality control, including its organizational structure, the policies and procedures established by the firm, and the firm's compliance with its quality control system as determined on the basis of a review of selected engagements. The specific engagements to be reviewed shall be at the discretion of the peer reviewer.

Upon completion of the peer review, respondent shall submit a copy of the report with the reviewer's conclusions and findings to the Board.

34. ~~23.~~**CPA Exam**

Respondent shall take and pass the (section) of the CPA examination (within a given period of time - e.g., within 180 days of the effective date of the decision or within 180 days of completion of educational program, etc. or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent

takes and successfully passes said exam, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

35. ~~24.~~**Enrolled Agents Exam**

Respondent shall take and pass the enrolled agents exam (within a given period of time or prior to the resumption of practice). (Exam will be passed prior to resumption of practice where license has been suspended or where otherwise appropriate.)

If respondent fails to pass said examination within the time period provided or within two attempts, respondent shall so notify the Board and shall cease practice until respondent takes and successfully passes said examination, has submitted proof of same to the Board, and has been notified by the Board that he or she may resume practice. Failure to pass the required examination no later than 100 days prior to the termination of probation shall constitute a violation of probation.

36. ~~25.~~**Continuing Education Courses**

Respondent shall complete and provide proper documentation of (specified) professional education courses within (a designated time). This ~~(~~shall be~~/shall not be)~~ in addition to continuing education requirements for relicensing.

~~OR~~

~~Respondent shall complete professional education courses as specified by the Board or its designee at the time of respondent's first probation appearance. The professional education courses shall be completed within a period of time designated and specified in writing by the Board or its designee, which time frame shall be incorporated as a condition of this probation. This (shall be/shall not be) in addition to continuing education requirements for relicensing.~~

~~Failure to satisfactorily complete the required courses as scheduled or failure to complete same no later than 100 days prior to the termination of probation shall constitute a violation of probation.~~

37. ~~26.~~**Active License Status**

Respondent shall at all times maintain an active license status with the Board, including during any period of suspension. If the license is expired at the time the Board's decision becomes effective, the license must be renewed within 30 days of the effective date of the decision.

38. ~~27.~~**Samples - Audit, Review or Compilation**

During the period of probation, if the respondent undertakes an audit, review or compilation engagement, the respondent shall submit to the Board as an attachment to the required quarterly report a listing of the same. The Board or its designee may select one or more from each category and the resulting report and financial statement and all related working papers must be submitted to the Board or its designee upon request.

39. ~~28.~~**Prohibition from Handling Funds**

During the period of probation the respondent shall engage in no activities which require receiving or disbursing funds for or on behalf of any other person, company, partnership, association, corporation, or other business entity.

40. ~~29.~~**Community Service - Free Services**
Respondent shall participate in a community service program as directed by the Board or its designee in which respondent provides free professional services on a regular basis to a community or charitable facility or agency, amounting to a minimum of ____ hours. Such services to begin no later than __ days after respondent is notified of the program and to be completed no later than _____. Respondent shall submit proof of compliance with this requirement to the Board. Respondent is entirely responsible for his or her performance in the program and the Board assumes neither express nor implied responsibility for respondent's performance nor for the product or services rendered.

41. ~~30.~~**Relinquish Certificate**
Respondent shall relinquish and shall forward or deliver the certificate or permit to practice to the Board office within 10 days of the effective date of this decision and order.

42. ~~31.~~**Notification to Clients/Cessation of Practice**
In orders that provide for a cessation or suspension of practice, respondent shall comply with procedures provided by the California Board of Accountancy or its designee regarding notification to, and management of, clients.

43. ~~32.~~**Administrative Penalty**
Respondent shall pay to the Board an administrative penalty in the amount of $_____ for violation of Section(s) _____ of the California Accountancy Act. The payment shall be made within __days/months of the date the Board's decision is final.

44. ~~33.~~**Medical Treatment**
Respondent shall undergo and continue treatment by a licensed physician of respondent's choice and approved by the Board or its designee until the treating physician certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating physician submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is physically fit to practice.

45. ~~34.~~**Psychotherapist**
Respondent shall undergo and continue treatment by a licensed psychotherapist of respondent's choice and approved by the Board or its designee until the treating psychotherapist certifies in writing in a report to the Board or its designee that treatment is no longer necessary. Respondent shall have the treating psychotherapist submit reports to the Board at intervals determined by the Board or its designee. Respondent is responsible for costs of treatment and reports.

(Optional)

Respondent shall not engage in practice until notified by the Board of its determination that respondent is mentally fit to practice.

46. ~~35.~~**Rehabilitation Program/Chemical Dependence**
Respondent shall successfully complete or shall have successfully completed a rehabilitation program for chemical dependence that the Board or its designee approves and shall have reports submitted by the program. If a program was not successfully completed prior to the period of probation, the respondent, within a reasonable period of time as determined by the Board or its designee but not exceeding 90 days of the effective date of the decision, shall be enrolled in a program. In addition, respondent must attend support groups, (e.g. Narcotics Anonymous, Alcoholic Anonymous etc.), as directed by the Board or its designee. Respondent is responsible for all costs of such a program.

47. ~~36.~~**Drugs - Abstain From Use**
Respondent shall completely abstain from the personal use of all psychotropic drugs, including alcohol, in any form except when the same are lawfully prescribed.

48. ~~37.~~**Drugs - Screening**
Respondent shall participate or shall have participated in a drug screening program acceptable to the Board and shall have reports submitted by the program. Respondent is responsible for all costs associated with said screening and reporting.

49. ~~38.~~**Biological Fluid Testing**
Respondent, at any time during the period of probation, shall fully cooperate with the Board or its designee in its supervision and investigation of compliance with the terms and conditions of probation, and shall, when requested, submit to such tests and samples as the Board or its designee may require for the detection of alcohol, narcotics, hypnotic, dangerous drugs, or controlled substances. Respondent is responsible for all costs associated with this investigation and testing.

Conditions ~~33-38~~ 44-49 shall be used when evidence indicates respondent may have physical or mental ailment(s) or conditions(s) which contributed to the violation or when the same are alleged by respondent to be a contributing factor to the violation(s).

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item IX.C.
May 29-30, 2014

Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 19 – Practice Privilege Notification of Pending Criminal Charges

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 8, 2014

Purpose of the Item
The purpose of this agenda item is to provide information from the rulemaking file for the use of California Board of Accountancy (CBA) members during the regulatory hearing.

Action(s) Needed
None.

Background
At its January 2014 meeting, the CBA directed staff to move forward with the rulemaking process to adopt a Practice Privilege Notification of Pending Criminal Charges form.

These changes would require practice privilege holders to utilize a specific form to notify the CBA of pending criminal charges.

The Notice of Proposed Action was filed with the Office of Administrative Law (OAL) on April 1, 2014 and published on April 11, 2014, thus initiating the required 45-day public comment period. May 26, 2014, marks the end of the public comment period, and on May 30, 2014, during the CBA meeting, a public hearing will be conducted on the proposed action.

Comments
The following attachments will aid in your preparation for the hearing:

- Notice of Proposed Action (**Attachment 1**)
- Proposed Regulatory Language (**Attachment 2**)
- Initial Statement of Reasons (**Attachment 3**)

During the public hearing the CBA members may hear oral testimony and receive written comments. If any changes are made as a result of these comments, a 15-day Notice of Modified Text will be required. As of the date of this memo, staff have not received any public comments in relation to this regulatory package. Any comments

received after the CBA mail out will be supplied to the CBA members at the meeting. The CBA may act to adopt the proposed regulations under CBA Agenda Item ?. Prior to submitting the final regulation package to OAL, staff will draft responses to any comments and prepare the Final Statement of Reasons for distribution to all persons who provided comments.

Recommendation

No specific action is required on this agenda item.

Attachments

1. Notice of Proposed Action
2. Proposed Regulatory Language
3. Initial Statement of Reasons

TITLE 16. California Board of Accountancy

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at Hilton Los Angeles Airport, 5711 West Century Boulevard, California 90045, at 9:00 A.M., on May 30, 2014. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than 5:00 p.m. on May 26, 2014 or must be received by the CBA at the hearing. The CBA, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by sections 5010 and 5096.9, Business and Professions Code (BPC), and to implement, interpret, or make specific sections 5096 and 5096.2, Business and Professions Code, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST

Informative Digest

Senate Bill (SB) 822 (Chapter 319, Statutes of 2013) added section 5096(e)(10) to the BPC, which states that an out-of-state licensee practicing in the State of California under a practice privilege must notify the CBA of pending criminal charges, excluding minor traffic charges, in any jurisdiction. This proposal would establish a form for practice privilege holders to notify the CBA of pending criminal charges.

The regulatory proposal is as follows:

1. Amend Section 19 of Title 16 of the California Code of Regulations
This proposal would establish a Practice Privilege Notification of Pending Criminal Charges (PP-15 (12/13)) form, and incorporate it by reference in Title 16 section 19.

Policy Statement Overview/Anticipated Benefits of Proposal

The proposed amendment to section 19 incorporates a Practice Privilege Notification of Pending Criminal Charges form. This form must be used by individuals practicing in California under a practice privilege who have pending criminal charges. The Enforcement Division will use the information provided on the form to track and monitor the pending charges. Additionally, the proposed form will provide practice privilege holders a clear direction on how to report to the CBA and what information is required.

Consistency and Compatibility with Existing State Regulations

During the process of developing the regulation, the CBA has conducted a search of any similar regulation on this topic and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE (if applicable)

Practice Privilege Notification of Pending Criminal Charges (PP-15 (12/13))

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: None

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination:

California law authorizes out-of-state licensees, who meet specified criteria, to practice under a practice privilege without providing prior notice or paying a fee. This regulatory proposal would not hinder their ability to enter California and engage in the practice of public accountancy, but would require that those out-of-state licensees who are practicing under a practice privilege to notify the CBA should they have any pending criminal charges. Any potential economic impact would only occur should their practice privilege be revoked. Given the volume of licensed certified public accountants as well as those who practice in California under a practice privilege, no adverse impact is expected.

Cost Impact on Representative Private Person or Business:

Other than the cost of time to complete the form and the cost of postage, the CBA is not aware of any cost impacts that a representative private person or

business would necessarily incur in reasonable compliance with the proposed action.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

Staff estimates the CBA will receive 30 to 40 notifications annually, which could impact the daily operations amongst an equivalent number of small businesses or sole proprietors that employ CPA licensees.

RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California. This proposal would provide a form to out-of-state licensees practicing in California under practice privilege to report pending criminal charges to the CBA, as required under BPC section 5096(e)(10).

Benefits of Regulation:

The CBA has determined that this regulatory proposal will benefit the welfare of California residents by establishing a form for practice privilege holders to complete in order to assist the Enforcement Division to protect consumers by tracking and monitoring pending criminal charges.

CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation, or that has otherwise been identified and brought to its attention, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document

incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml and may also be obtained at the hearing or prior to the hearing upon request from the CBA at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed above.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Andrew Breece
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1782
Fax No.:	(916) 263-3678
E-Mail Address:	Andrew.breece@cba.ca.gov

The backup contact person is:

Name:	Matthew Stanley
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	(916) 561-1792
Fax No.:	(916) 263-3678
E-Mail Address:	Matthew.stanley@cba.ca.gov

Website Access: Materials regarding this proposal can be found at http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml.

Proposed Regulatory Language

§ 19. Practice Privilege Forms for Individuals.

(a) An individual who is required to provide notification to the Board pursuant to Section 5096(i)(1) of the Business and Professions Code shall do so on the Practice Privilege Pre-Notification of Listed Events Form (PP-10 (1/13)), which is hereby incorporated by reference.

(b) An individual who is required to provide notification to the Board pursuant to Section 5096(f) of the Business and Professions Code shall do so on the Notification of Cessation of Practice Privilege Form (PP-11 (1/13)), which is hereby incorporated by reference.

(c) An individual applying for reinstatement of a practice privilege under Section 5096.2(c) of the Business and Professions Code shall do so on the Application for Reinstatement of Practice Privilege (PP-12 (1/13)), which is hereby incorporated by reference.

(d) An individual who is required to provide notification to the Board pursuant to Section 5096(e)(10) of the Business and Professions Code shall do so on the Practice Privilege Notification of Pending Criminal Charges (PP-15 (12/13)) form, which is hereby incorporated by reference.

Note: Authority cited: Sections 5010 and 5096.9, Business and Professions Code. Reference: Sections 5096 and 5096.2, Business and Professions Code.

Practice Privilege Notification of Pending Criminal Charges

CONTACT INFORMATION:

Name: _____ _____ _____
Last First M I

Business* Mailing Address: _____

Business Phone #: _____ Business Fax #: _____ Business Email: _____

State(s) of Licensure: _____ License number: _____ Expiration Date: _____

*May provide home address if no business address is available. To help the CBA maintain privacy, please write "home" next to any home information provided.

Individuals reporting under 5096(e)(10) must notify the California Board of Accountancy (CBA) of any pending criminal charges in any jurisdiction, other than for a minor traffic violation. Please provide the following information regarding the pending criminal charges:

Jurisdiction: _____

Case Number: _____

Violation(s): _____

Are you currently exercising your practice privilege? _____

Do you intend to continue exercising your California practice privilege? _____

In addition, you must complete and return Attachment 1 and provide explanatory details along with this form to the CBA to meet your reporting requirement. Any misrepresentations or omissions in connection with this notification may disqualify you from the California practice privilege.

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form and any accompanying attachments are true, complete, and accurate. I further certify that I have read this entire application. By submitting this form and signing below, I am granting permission to the CBA to verify the information provided and to perform any investigation pertaining to the information I have provided as the CBA deems necessary. **Further, I authorize the California Board of Accountancy to notify other state or federal authorities of the status of my California Practice Rights.**

Signature: _____ Date: _____

Attachment 1

1. Please provide explanatory details and any supporting documentation of your pending criminal charges:

_____

_____

_____

PERSONAL INFORMATION COLLECTION AND ACCESS: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.21 of the California Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.

CALIFORNIA BOARD OF ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: May 30, 2014

Subject Matter of Proposed Regulations: Practice Privilege Notification of Pending Criminal Charges Form

Section Affected: Title 16, Division 1, section 19

1. Amend Section 19

Specific Purpose:

Problem Addressed:

Legislation enacted in 2012 (Stats. 2012, ch. 411 (SB 1405)) rewrote the California Board of Accountancy's (CBA) practice privilege provisions (Article 5.1, Chapter 1, Division 3 of the Business and Professions Code (BPC)), which became effective July 1, 2013. The law prior to July 1, 2013 required individual out-of-state licensees who wished to practice in California to either obtain a California license or a California practice privilege by filing a notice with the CBA and paying a fee.

The new provisions, effective July 1, 2013, beginning at Section 5096 of the BPC, allow individuals, whose principal place of business is outside of California and are licensed in states that have licensing requirements substantially equivalent to California's, to practice in California under a practice privilege conferred by operation of law without providing the notice or paying the fee (practice privilege holders). Nevertheless, an individual who acquires certain disqualifying conditions while exercising a practice privilege must immediately cease practice and notify the CBA which, after investigating, may grant permission to resume practice. A practice privilege may also be revoked, suspended, or otherwise disciplined by the CBA.

Effective January 1, 2014, BPC section 5096(e)(10) was added to Article 5.1 by SB 822 (Stats. 2013, Ch. 319) to require practice privilege holders to notify the CBA of any pending criminal charges, other than minor traffic violations, in any jurisdiction. However, SB 822 did not establish how this reporting requirement was to be met.

This proposal would amend section 19 to incorporate by reference the Practice Privilege Notification of Pending Criminal Charges form (PP-15 (12/13)). The form would be used by practice privilege holders to notify the CBA of pending criminal charges. The

reporting of pending criminal charges is required by law and this method is consistent with other reporting requirements already in regulation for practice privilege holders.

Anticipated benefits from this regulatory action:

This proposal would provide specific and consistent direction to practice privilege holders regarding what their reporting obligations are to the CBA. This form will also enable the CBA to track and monitor pending criminal charges against practice privilege holders for the protection of the public.

Factual Basis/Rationale

BPC section 5096(e)(10) states that a practice privilege holder practicing in California shall notify the CBA of any pending criminal charges, other than a minor traffic violation, in any jurisdiction. The proposed amendment to section 19 incorporates a Practice Privilege Notification of Pending Criminal Charges form to implement this requirement. Individuals practicing in California under a practice privilege would be required to use this form to report pending criminal charges in any jurisdiction, other than minor traffic violations. In order to effectively monitor these charges and to determine whether further investigation or enforcement action might be necessary, the CBA has determined the following must be reported for pending criminal charges: Jurisdiction, Case Number, Violation(s), and whether the practice privilege holder is currently exercising or intends to exercise their practice privilege.

In addition, the certification and disclosure requirements assist in ensuring accurate, timely and complete information is being provided to the CBA prior to making a decision whether to investigate or take a disciplinary or other enforcement action.

Further, the form will assist the CBA to track and monitor the pending charges and to determine whether the practice privilege holder has any disqualifying conditions as defined in BPC section 5096. Additionally, the proposed form will provide practice privilege holders clear direction on how to report this information to the CBA and what information needs to be included. The form provides a standardized vehicle for collecting that information.

The form incorporated by reference in section 19 would be cumbersome, unduly expensive and otherwise impractical to publish in the California Code of Regulations. The form is available on the CBA's website and from the CBA upon request.

Underlying Data

Technical, theoretical, or empirical studies, reports, or documents relied upon:
Minutes of the January 23, 2014 CBA's Committee on Professional Conduct Meeting.
Minutes of the January 24, 2014 CBA Meeting

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony:

California law authorizes out-of-state licensees, who meet specified criteria, to practice under a practice privilege without providing prior notice or paying a fee. This regulatory proposal would not hinder their ability to enter California and engage in the practice of public accountancy, but would require that those out-of-state licensees who are practicing under a practice privilege to notify the CBA should they have any pending criminal charges. Any potential economic impact would only occur should their practice privilege be revoked. Given the volume of licensed certified public accountants as well as those who practice in California under a practice privilege, no adverse impact is expected.

Economic Impact Assessment

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California. The regulatory proposal only affects those practice privilege holders who have to report pending criminal charges to the CBA and provides those practice privilege holders with a form to comply with BPC section 5096(e)(10), which states that a practice privilege holder practicing in California shall notify the CBA of any pending criminal charges, other than a minor traffic violation, in any jurisdiction. Therefore, the proposed regulation will not create or eliminate jobs within the State of California.

- It will not create new business or eliminate existing businesses within the State of California. The regulatory proposal only affects those practice privilege holders who have to report pending criminal charges to the CBA and only provides practice privilege holders practicing in California a form to comply with BPC section 5096(e)(10). This reporting obligation would not apply to a firm or business employing such a practice privilege holder. Therefore, the proposed regulation will not create new business or eliminate existing businesses within the State of California.

- It will not affect the expansion of businesses currently doing business within the State of California. The regulatory proposal only affects those practice privilege holders who have to report pending criminal charges to the CBA and only provides practice privilege holders practicing in California a form to comply with BPC section 5096(e)(10), which states that a practice privilege holder practicing in California shall notify the CBA of any pending criminal charges, other than a minor traffic violation, in any jurisdiction. This reporting obligation would not

apply to a firm or business employing such a practice privilege holder. Therefore, the proposed form will not affect expansion of businesses located in California.

- This regulatory proposal benefits does not affect worker safety because it has nothing to do with worker safety.

- This regulatory proposal benefits does not affect the state's environment because it has nothing to do with the environment.

- This regulatory proposal does benefit the health and welfare of the state because it establishes a form for practice privilege holders to complete in order to provide accurate, complete and timely information to the CBA regarding the status of pending criminal charges. This will assist the CBA with the tracking and monitoring of pending criminal charges against practice privilege holders for the protection of the public. This would enable the CBA to effectively monitor these charges and determine whether investigation or enforcement action might be necessary in a particular case to protect the public.

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

Set forth below are the alternatives which were considered and the reasons the alternative was rejected:

Alternative: The CBA considered not developing regulations, which would allow practice privilege holders to individually select the method and the content of the notification sent to the CBA regarding pending criminal charges.

Reasons the Alternative was rejected: This proposed alternative is inconsistent with other CBA regulations which mandate the use of forms by practice privilege holders and could lead to the submission of inconsistent, inaccurate and incomplete information to the CBA.

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item IX.D.
May 29-30, 2014

Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, California Code of Regulations (CCR) Section 19 – Practice Privilege Notification of Pending Criminal Charges Form

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator
Date: April 21, 2014

Purpose of the Item

The purpose of this agenda item is to provide an opportunity for the California Board of Accountancy (CBA) to adopt regulations to implement its Practice Privilege Notification of Pending Criminal Charges form.

Action(s) Needed

The CBA will be asked to adopt the proposed regulatory change.

Background

Following the regulatory hearing to receive public comment on the proposal (**CBA Agenda Item IX. C.)**, the next step in the process is that the CBA must act to formally adopt the proposed regulations.

The CBA may decide to make changes to the proposed regulation based on any received comments, or it may proceed with adopting the proposal without modification.

Comments

The proposed change would incorporate the Practice Privilege Notification of Pending Criminal Charges form for practice privilege holders practicing in California to notify the CBA of a pending criminal charge.

At the recommendation of legal counsel, the CBA may wish to amend the form and define “minor traffic violation” as “traffic infractions under $1000 not involving alcohol, dangerous drugs, or controlled substances” as shown on the **Attachment**. This is consistent with the definition of “minor traffic violation” in CBA regulations.

Additionally, the Department of Consumer Affairs (DCA) recently amended their policy on *Privacy Notices for DCA Forms that Collect Personal Information.* The revised statement for collection of personal information is reflected on the attachment.

As of the date of this memo, no public comments were received on this proposal. If the CBA decides to make any changes, staff will prepare and proceed with a 15-Day Notice of Modified Text.

<u>If no changes are to be made after the public comment period and hearing closes:</u>
Motion: Direct staff to take all steps necessary to complete the rulemaking process, including the filing of the final rulemaking package with the Office of Administrative Law, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed.

<u>If substantive changes are to be made after the public comment period and hearing closes</u>:
Motion: Direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day public comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

<u>Fiscal/Economic Impact Considerations</u>
CBA staff estimates that the form will save approximately 15 to 20 hours annually of staff time to process the forms.

Staff estimates a minor economic cost as a result of time needed to complete the form and the cost of postage to mail the form.

<u>Recommendation</u>
Staff recommends adopting the proposed changes and the motion regarding substantive changes.

<u>Attachment</u>
Practice Privilege Notification of Pending Criminal Charges Form with Proposed Changes

Practice Privilege Notification of Pending Criminal Charges

CONTACT INFORMATION:

Name: _____ _____ _____
Last First M I

Business* Mailing Address: _____

Business Phone #: _____ Business Fax #: _____ Business Email: _____

State(s) of Licensure: _____ License number: _____ Expiration Date: _____

*May provide home address if no business address is available. To help the CBA maintain privacy, please write "home" next to any home information provided.

Individuals reporting under 5096(e)(10) must notify the California Board of Accountancy (CBA) of any pending criminal charges in any jurisdiction, other than for a minor traffic violation. "Minor traffic violation" means traffic infractions under $1000 not involving alcohol, dangerous drugs, or controlled substances. Please provide the following information regarding the pending criminal charges:

Jurisdiction: _____

Case Number: _____

Violation(s): _____

Are you currently exercising your practice privilege? _____

Do you intend to continue exercising your California practice privilege? _____

In addition, you must complete and return Attachment 1 and provide explanatory details along with this form to the CBA to meet your reporting requirement. Any misrepresentations or omissions in connection with this notification may disqualify you from the California practice privilege.

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form and any accompanying attachments are true, complete, and accurate. I further certify that I have read this entire application. By submitting this form and signing below, I am granting permission to the CBA to verify the information provided and to perform any investigation pertaining to the information I have provided as the CBA deems necessary. **Further, I authorize the California Board of Accountancy to notify other state or federal authorities of the status of my California Practice Rights.**

Signature: _____ Date: _____

Attachment 1

1. Please provide explanatory details and any supporting documentation of your pending criminal charges:

_____

_____

_____

NOTICE ON COLLECTION OF PERSONAL INFORMATION

Collection and Use of Personal Information
The California Board of Accountancy (CBA) of the Department of Consumer Affairs collects the personal information requested on this form as authorized by Business and Professions Code Sections 5080-5095 and the Information Practices Act. The CBA uses this information principally to identify and evaluate applicants for licensure, issue and renew licenses, enforce licensing standards set by law and regulation.

Mandatory Submission
Submission of the requested information is mandatory. The CBA cannot consider your application for licensure or renewal unless you provide all of the requested information.

Access to Personal Information
You may review the records maintained by the CBA that contain your personal information, as permitted by the Information Practices Act. See below for contact information.

Possible Disclosure of Personal Information
We make every effort to protect the personal information you provide us. The information you provide, however, may be disclosed in the following circumstances:

- In response to a Public Records Act request (Government Code Section 6250 and following), as allowed by the Information Practices Act (Civil Code Section 1798 and following);
- To another government agency as required by State or Federal law; or,
- In response to a court or administrative order, a subpoena, or a search warrant.

Contact Information
For questions about this notice or access to your records, you may contact the Executive officer at 2000 Evergreen Street, Sacramento, CA, 95843 or by phone at (916) 263-3680.

For questions about the Department's Privacy Policy, you may contact the Department of Consumer Affairs at 1625 North Market Boulevard, Sacramento, CA 95834, by phone at (800) 952-5210, or by e-mail at dca@dca.ca.gov.

~~PERSONAL INFORMATION COLLECTION AND ACCESS: The information provided in this form will be used by the California Board of Accountancy to determine whether you qualify for practice privilege in California. Sections 5096 through 5096.21 of the California Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the Board, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in California Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the California Information Practices Act. Certain information provided may be disclosed to a member of the public, upon request, under the California Public Records Act. The Executive Officer of the California Board of Accountancy is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.~~

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item XI.A.
May 29-30, 2014

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
March 20-21, 2014
CBA MEETING

DRAFT

Hilton Pasadena
168 South Los Robles Avenue
Pasadena, CA 91101
Telephone: (626) 577-1000
Fax: (626) 584-3148

Roll Call and Call to Order.

CBA President Michael Savoy called the meeting to order at 2:00 p.m. on Thursday, March 20, 2014 at the Hilton Pasadena. The meeting recessed at 4:43 p.m. President Savoy reconvened the meeting at 9:01 a.m. on Friday, March 21, 2014 and the meeting adjourned at 11:22 am.

CBA Members	March 20, 2014
Michael Savoy, President	2:00 p.m. to 4:43 p.m.
Jose Campos, Vice President	2:05 p.m. to 4:43 p.m.
Katrina Salazar, Secretary-Treasurer	2:00 p.m. to 4:43 p.m.
Sarah (Sally) Anderson	2:00 p.m. to 4:43 p.m.
Diana Bell	2:00 p.m. to 4:43 p.m.
Alicia Berhow	2:00 p.m. to 4:43 p.m.
Herschel Elkins	2:00 p.m. to 4:43 p.m.
Laurence (Larry) Kaplan	2:00 p.m. to 4:43 p.m.
Louise Kirkbride	2:00 p.m. to 4:43 p.m.
Kay Ko	2:00 p.m. to 4:43 p.m.
Leslie LaManna	Absent
K.T. Leung	2:00 p.m. to 4:43 p.m.
Manuel Ramirez	2:00 p.m. to 4:43 p.m.
Mark Silverman	2:00 p.m. to 4:43 p.m.

CBA Members	March 21, 2014
Michael Savoy, President	9:01 a.m. to 11:22 a.m.
Jose Campos, Vice President	9:01 a.m. to 11:22 a.m.
Katrina Salazar, Secretary-Treasurer	9:01 a.m. to 11:22 a.m.
Sarah (Sally) Anderson	9:01 a.m. to 11:22 a.m.
Diana Bell	9:01 a.m. to 11:22 a.m.
Alicia Berhow	9:41 a.m. to 11:22 a.m.
Herschel Elkins	9:01 a.m. to 11:22 a.m.
Laurence (Larry) Kaplan	9:01 a.m. to 11:22 a.m.
Louise Kirkbride	9:01 a.m. to 11:22 a.m.
Kay Ko	9:01 a.m. to 11:22 a.m.
Leslie LaManna	Absent
K.T. Leung	9:01 a.m. to 11:22 a.m.
Manuel Ramirez	9:01 a.m. to 11:22 a.m.
Mark Silverman	9:01 a.m. to 11:22 a.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Vincent Johnston, Enforcement Analyst
Sara Narvaez, Enforcement Manager
Nicholas Ng, Administration Manager
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, Legislation Analyst

Committee Chairs and Members

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

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)
Michael Morphew, Center for Public Interest Law (CPIL)
Pilar Onate-Quintana, KP Public Affairs
Joseph Petito, The Accountants Coalition
Jon Ross, KP Public Affairs
Hal Schultz, CalCPA
Aram Stepanian

I. Report of the President.

A. Resolution for Retired CBA Member Marshal Oldman.

It was moved by Mr. Savoy, seconded by Mr. Leung and unanimously carried by those present to approve the resolution for retired CBA member, Marshal Oldman, Esq. Mr. Campos was temporarily absent.

B. Resolutions for Retiring Qualifications Committee Members Brian Cates and Lewis Fisher.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to approve the resolutions for retiring Qualifications Committee members Brian Cates and Lewis Fisher.

C. Announcement of Appointments to the Mobility Stakeholder Group (MSG).

Mr. Savoy stated the appointments for the MSG were previously announced and the inaugural meeting was held prior to the CBA meeting.

D. National Association of State Boards of Accountancy (NASBA)/ American Institute of Certified Public Accountants (AICPA) Committee Interest Form.

Ms. Riordan stated that members interested in serving on a NASBA committee should submit an online application by April 23, 2014. She further stated AICPA is currently accepting applications for the 2014-2015 volunteer year.

E. Proposed 2015 CBA Meeting Dates.

It was moved by Mr. Elkins, seconded by Mr. Ramirez and unanimously carried by those present to adopt the 2015 meeting dates and locations.

F. Educational Presentation–Enforcement Division Overview.

Mr. Ixta, Mr. Fisher and Ms. Narvaez provided an overview of the disciplinary process.

Mr. Ramirez inquired about the number of staff assigned to reviewing individuals who state they are not subject to peer review.

Mr. Ixta stated that the CBA does not have an individual that is assigned

to the task but we utilize many staff including clerical, Investigative CPAs and other staff, on an as needed basis.

Ms. Ko inquired about the percentage of complaints received by external sources.

Mr. Ixta reviewed Table 1.1 and stated that approximately 10% of complaints are from external sources.

Mr. Silverman inquired about when a licensee is notified of a third parties complaint.

Mr. Fisher stated the licensee is notified after the board's jurisdiction is determined.

Ms. Ko inquired if the licensees clearly understand the discipline process.

Mr. Ixta stated that once a complaint is filed, the licensee receives a letter describing the process. He further stated that the At-a-Glance section of the CBA's UPDATE publication educates professionals on enforcement actions.

Mr. Ramirez suggested staff include case studies in a future issue of UPDATE.

Mr. Ixta stated that discipline cases are currently published in every UPDATE.

Ms. Ko inquired if the licensee is obligated to inform their clients of disciplinary matters.

Mr. Ixta stated licensees are required, if specified in the order.

Mr. Ramirez stated that in the interest of consumer protection, that Ms. Bowers evaluate the appropriateness of having more resources applied to looking at individuals that indicate they are not subject to peer review.

Ms. Bowers agreed and noted that staff is actively pursuing the matter.

Mr. Kaplan inquired if the CBA informs the Investigative Revenue Service (IRS) regarding disciplinary actions.

Mr. Ixta stated we currently inform the IRS.

Mr. Ramirez requested staff investigate what the IRS does with the information.

Ms. Kirkbride inquired if the system or set of measurements established could be changed to more accurately reflect how the organization is performing, what would the CBA change.

Mr. Ixta stated that we are currently meeting all of the measurements set by the Department of Consumer Affairs (DCA), except the average number of days to complete the entire process for cases resulting in formal discipline. He further stated that staff is working with the Attorney General's (AG) Office to reduce the timeframe of investigations.

Ms. Bowers stated that after the conclusion of the work with the AG's Office, the CBA may request adjustments be made to the measurements.

G. DCA Director's Report.

There was no report for this item.

II. Report of the Vice President.

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

It was moved by Mr. Campos, seconded by Ms. Berhow and unanimously carried by those present to appoint Dale Best to the EAC.

It was moved by Mr. Campos, seconded by Mr. Ramirez and unanimously carried by those present to reappoint Mary Rose Caras to the EAC.

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

It was moved by Mr. Campos, seconded by Ms. Anderson and unanimously carried by those present to appoint David Evans, Tracy Garone and David Papotta to the QC.

It was moved by Mr. Campos, seconded by Mr. Ramirez and unanimously carried by those present to reappoint Charles Hester to the QC.

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

There was no report on this item.

III. Report of the Secretary/Treasurer.

A. Fiscal Year 2013–2014 Mid–Year Financial Statement, Including Information on Anticipated Loan Repayment Dates.

Ms. Salazar provided an overview of the mid-year financial statement. She stated the current Fiscal Year (FY) budget has been reduced by approximately $16,000 from the $11,574,000 previously reported in the first-quarter financial statement, mainly due to the $160,000 deferral of expenses related to BreEZe and an increase in employee compensation. She further stated that the revenue was $5.6 million, which was an increase of eight percent over last FY.

Ms. Anderson inquired about the loan interest amount.

Mr. Ng stated that the dollar amount could be provided at next meeting.

Mr. Leung inquired about details regarding the $8 million negative cash flow for the next two years.

Mr. Ramirez stated that a five-year projection showing the actual deficits and using the loan repayments as a supplement may provide Mr. Leung the information he is requesting.

Ms. Bowers stated this could be provided in the next report.

B. Discussion of Governor's Budget.

Ms. Salazar provided an overview of this item. She stated the preliminary budget is set at $13,413,000.

IV. Report of the Enforcement Advisory Committee, Qualifications Committee and Peer Review Oversight Committee.

A. Enforcement Advisory Committee (EAC).

1. Report of the January 30, 2014 EAC Meeting.

Ms. Gerhardt reported that the EAC reviewed six investigations and 28 open cases and proved input to staff.

B. Qualifications Committee (QC).

There was no report on this item.

C. Peer Review Oversight Committee (PROC).

1. Report on the January 31, 2014 PROC Meeting.

Ms. Corrigan reported the PROC reviewed AICPA's oversight reports

of five states and each state's own reports and did not have any findings or concerns. She stated the PROC will continue to the review other states as an annual process. She further stated that the PROC reviewed AICPA's Annual Report Regarding Peer Review which was issued on September 27, 2013.

2. 2013 PROC Annual Report.

   Ms. Corrigan presented the 2013 PROC Annual Report to the CBA members.

   Mr. Savoy complimented Ms. Corrigan and the PROC on the report. He further stated the report was incredible and would assist staff with preparing the report to the Governor.

V. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA Principal Office.

   Ms. Bowers provided an overview of this item. She stated the CBA is currently waiting on the Department of Finance for approval of the cost and space estimates. Ms. Bowers further stated the next step will be to release an advertisement for bids for the relocation. She noted the area of the search has been narrowed to the current principal location, Natomas and Del Paso.

B. Update on Staffing.

   There was no report for this item.

C. Update on the CBA 2013–2015 Communications and Outreach Plan (Written Report Only).

   There were no comments on this item.

VI. Committee Reports.

A. Mobility Stakeholder Group (MSG).

1. Overview of the Purpose and Roles of the MSG.

   Ms. Salazar provided an overview of this item.

2. Adoption of Policies and Procedures for the MSG.

   Ms. Salazar provided an overview of this item. She stated the MSG meeting will be held in conjunction with the CBA's March, July and November meetings. She further stated the committee will issue a

report to the CBA at least once per calendar year. Lastly, she stated the MSG will issue a final report to the CBA.

3. Discussion Regarding Proposed Agenda Items for the Next Meeting.

   Ms. Salazar stated the MSG approved the meeting topics proposed by staff, including the following additional topics:

   - Overview of the new mobility law and how it compares with the previous practice privilege law
   - A review of the consumer protection provisions in the mobility law
   - Define the objectives of the stakeholders
   - A review of Licensing and Enforcement Divisions' statistics for mobility
   - Exploration of issues encountered by other states regarding mobility
   - Discussion on how mobility has been implemented in CA
   - A summary of the difference in other states mobility laws
   - How other states have handled discipline related to the context of mobility

B. Committee on Professional Conduct (CPC).

1. Report of the March 20, 2014 CPC Meeting.

2. Discussion Regarding National Data Collection on Other State Boards of Accountancy Attest Requirements.

   Mr. Campos provided an overview of this item. Mr. Campos stated the CPC recommended the inclusion of additional information/questions, as follows:

   - To establish the board of accountancy jurisdiction and request for the name and title of the individual completing the survey
   - An open-ended question to provide additional information
   - A question for boards that had an attest requirement, but no longer do, whether they have noticed any issues or problems stemming from its elimination

   It was moved by Mr. Campos, seconded by Ms. Bell and unanimously carried by those present to approve the survey using the online tool and approve the suggested questions proposed by CBA staff and the CPC. Ms. Berhow was temporarily absent.

   It was moved by Mr. Elkins, seconded by Ms. Anderson and

unanimously carried by those present to add a question regarding the rational as to why attestation was removed for those states that previously had a requirement.

3. Discussion Regarding Business and Professions Code Section 5087–Reciprocity of License from Another State; Waiver of Examination Requirements.

   It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to discontinue seeking the amendment to BPC section 5087, with the exception of changing the wording to "current, active, and unrestricted," and direct staff to seek its inclusion in the omnibus bill. Ms. Berhow was temporarily absent.

C. Enforcement Program Oversight Committee (EPOC).

1. Report of the March 20, 2014 EPOC Meeting.

2. Discussion Regarding Probation Monitoring of Out-of-State Certified Public Accountants.

   Mr. Fisher reported that Mr. Johnston provided a presentation regarding the probation monitoring of out-of-state certified public accountants.

3. Discussion of Recommended Changes to the Disciplinary Guidelines and Model Orders Regarding Changes to Business and Professions Code Section 5096(e)(10)–Notification of Pending Criminal Charges for Practice Privilege Holders.

   Mr. Fisher provided an overview of this item. He stated that the EPOC approved staff's suggested changes to the Disciplinary Guidelines regarding notification of pending criminal charges for practice privilege holders. Mr. Fisher noted that the changes will be incorporated in the Disciplinary Guidelines that are currently in the rulemaking process.

   It was moved by Mr. Ramirez, seconded by Ms. Anderson and unanimously carried by those present to accept the EPOC's recommendation to add the suggested changes into the Disciplinary Guidelines to the current regulatory proposal. Ms. Berhow was temporarily absent.

D. Legislative Committee (LC).

1. Report of the March 20, 2014 LC Meeting.

2. Update on Legislation on Which the CBA Has Taken a Position (AB 186, SB 176).

   Mr. Kaplan provided an overview of this item. He stated the CBA's current position on AB 186 is support if amended and the current position on SB 176 is support.

   He stated the CBA approved four proposals in January for inclusion in the annual omnibus bill. These proposals would correct a drafting error regarding disclosure of SEC and PCAOB information at least every six months for mobility purposes; place a 30 day timeframe on the requirement that practice privilege holders report pending criminal charges to the CBA; allow for the collection of email addresses from licensees; and allow for the acceptance of experience in academia as qualifying for CPA licensure. He also observed that the Senate Business and Professions Committee made changes to the email collection language to remove the word "require."

   Mr. Kaplan stated that the LC recommends approving the changes to the email collection language made by the Senate Business, Professions and Economic Development Committee. He further stated, if approved by the CBA, the changes to the email collection language will be included in the omnibus bill, with the four proposals approved by the CBA in January.

   It was moved by Mr. Kaplan, seconded by Ms. Anderson and unanimously carried by those present to accept the LC's recommendation to approve the email collection language changes made by the Senate Business, Professions and Economic Development Committee for inclusion in the omnibus bill. Ms. Berhow was temporarily absent.

3. Consideration of Positions on Newly Introduced Legislation.

   a. AB 1702 – Professions and vocations: incarceration.

      It was moved by Mr. Kaplan, seconded by Ms. Anderson and carried by those present to adopt a "Support" position on AB 1702. Mr. Elkins abstained. Ms. Berhow was temporarily absent.

   b. AB 2058 – Open meetings.

      It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to adopt an "Oppose" position on AB 2058 and direct staff to schedule a meeting with the author. Ms. Berhow was temporarily absent.

c. AB 2147 – Privacy: personal information: agency disclosure.

It was moved by Mr. Campos, seconded by Ms. Bell and unanimously carried by those present to adopt a "Watch" position and direct staff to communicate our concern regarding enforcement and BreEZe implementation. Ms. Berhow was temporarily absent.

d. AB 2165 – Professions and vocations: licenses.

It was moved by Mr. Elkins, seconded by Ms. Bell and unanimously carried by those present to adopt an "Oppose Unless Amended" position. Ms. Berhow was temporarily absent.

e. AB 2507 – Public Records Act: exemptions: pending litigation.

It was moved by Mr. Elkins, seconded by Mr. Campos and unanimously carried by those present to adopt a "Support" position. Ms. Berhow was temporarily absent.

4. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice.

There was no report on this item.

VII. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item. He stated that the Examination Unit staff performed a secret shopper visit, which included applying for the exam, scheduling the exam, taking the exam and completing a questionnaire regarding their experience and the overall process. Mr. Franzella further noted that the Initial Licensing Unit has seen a considerable decrease in the number of initial licensure applicants since December, due to the new education requirements, which took effect January 1, 2014. Lastly, Mr. Franzella highlighted the new table in the licensing report which provides the top license renewal-related deficiencies.

VIII Report of the Enforcement Chief.

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A. Enforcement Activity Report.

Mr. Ixta provided an overview of this item. He stated the Enforcement Division had received 2,538 complaints and assigned 2,415 cases. He noted that the internal complaints other than peer review has exceeded

last year and is mainly due to the criminal conviction referrals and unlicensed practices. He further stated 2,223 cases were closed, 710 are pending, with 68 at the Attorney General's Office (AG).

Mr. Campos inquired what drives the date of aging for the cases at the AG's office and the date of pending investigations.

Mr. Ixta stated the date for the cases at the AG's office is the date of referral and the investigations pending is the date in which the complaint is received.

Mr. Silverman inquired why there is a decrease in the citations total fines assessed in comparison to the number of citations issued.

Mr. Ixta stated staff would provide more information at the next meeting.

Ms. Bowers noted that the increase in citations issued was due to failure to report peer review which was a $250 fine.

IX. Acceptance of Minutes

A. Draft Minutes of the November 21-22, 2013 CBA Meeting.

B. Draft Minutes of the January 23-24, 2014 CBA Meeting.

C. Minutes of the January 23, 2014 CPC Meeting.

D. Minutes of the January 23, 2014 EPOC Meeting.

E. Minutes of the January 23, 2014 LC Meeting.

F. Minutes of the December 12, 2013 EAC Meeting.

G. Minutes of the November 1, 2013 PROC Meeting.

H. Minutes of the September 26, 2013 Taskforce Meeting.

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to accept the minutes of agenda items IX.A–IX.H.

X. Other Business.

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

There was no report on this item.

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

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

Ms. Bowers provided an overview of this agenda item. She stated that the Accountancy Licensee Database (ALD) presently has 46 states participating. She further noted that CPAVerify allows public access to the database.

b. Board Relevance & Effectiveness Committee.

There was no report on this item.

C. Proposed Responses to NASBA Focus Questions.

It was moved by Mr. Ramirez, seconded by Mr. Campos and unanimously carried by those present to approve the NASBA Focus Questions. Mr. Leung was temporarily absent.

XI. Closing Business.

A. Public Comments.

Mr. Stepanian provided a summary regarding his concerns regarding the accounting profession. He expressed his concern regarding peer review, criminal background checks, the certified public accounting designation, continuing education, and the qualification of the non-CPAs serving as board members.

B. Agenda Items for Future CBA Meetings.

Mr. Savoy requested a future agenda item to address the composition of the CBA.

Mr. Ramirez stated he would like a committee to review the continuing education requirements.

C. Press Release Focus.

Ms. Pearce suggested the PROC Annual Report as the topic of the Press Release Focus.

XII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, Reconsideration of Board's Decision, and Decision after Non-Adoption).

President Savoy adjourned the meeting at 11:22 a.m. on Friday, March 21, 2014.

_____ Michael M. Savoy, CPA, President

_____ Katrina Salazar, 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.

CALIFORNIA BOARD OF ACCOUNTANCY

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CPC Item I.	**CBA Item XI.B.**
May 29, 2014	May 29-30, 2014

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

MINUTES OF THE
March 20, 2014
COMMITTEE ON PROFESSIONAL CONDUCT MEETING

DRAFT

Hilton Pasadena
168 South Los Robles Avenue
Pasadena, CA 91101
(626) 577-1000

CALL TO ORDER

Jose Campos, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 9:42 a.m. Mr. Campos requested that the role be called.

Present
Jose Campos, Chair
Sarah (Sally) Anderson
Katrina Salazar
Mark Silverman

CBA Members Observing
Alicia Berhow
Herschel Elkins
Kay Ko

CBA Staff and Legal Counsel
Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Vince Johnston, Enforcement Analyst
Sarah Narvaez, Enforcement Manager

Corey Riordan, Board Relations Analyst
Kristy Shellans, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Legislation Analyst

Other Participants
Nancy Corrigan, Chair, Peer Review Oversight Committee
Jason Fox, California Society of CPAs (CalCPA)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee
Pilar Onate-Quintana, KP Public Affairs
Joe Petito, Accountants' Coalition
Jonathan Ross, KP Public Affairs

I. Approve Minutes of the January 23, 2014 CPC Meeting

It was moved by Ms. Anderson, seconded by Ms. Salazar and carried unanimously to approve the minutes of the January 23, 2014 CPC meeting.

II. Discussion Regarding National Data Collection on Other State Boards of Accountancy Attest Requirement

Mr. Stanley stated that the CPC has been tasked with conducting research regarding the attest experience requirement for licensure. The CPC will be working with staff to survey the other state boards of accountancy while a consultant will survey California licensees.

Mr. Stanley recommended that the survey be conducted online using the website, SurveyMonkey and that the survey be sent to all state boards of accountancy. He directed the CPC to a list of questions suggested by staff for inclusion in the survey.

The CPC suggested that the survey include a question to establish the board of accountancy jurisdiction and to ask for the name and title of the person who completes the survey; an open ended question requesting any additional information; and a question asking boards that had an attest requirement, but no longer do, whether they have noticed any issues or problems stemming from its elimination.

Mr. Stanley indicated that staff anticipate that this survey will be conducted at the same time as the California licensee survey that will be done by an outside consultant.

It was moved by Ms. Anderson, seconded by Ms. Salazar, and carried unanimously to recommend that the CBA approve staff's plan for conducting the survey of all state boards of accountancy using an online tool such as SurveyMonkey, and approve the suggested questions along with those added by the CPC.

III. Discussion Regarding Business and Professions Code Section 5087 – Reciprocity of License from Another State; Waiver of Examination Requirements

Mr. Franzella stated that Business and Professions Code (BPC) section 5087 grants the CBA the authority to issue a CPA license to applicants who hold a valid, unrevoked license from another state provided that license was issued under standards that are substantially equivalent to California's laws. This creates a situation where staff are required to look back at other states laws at the time the license in question was issued.

Mr. Franzella reviewed a decision made at the May 2013 meeting when the CBA approved language to amend section 5087 in the omnibus bill which would essentially remove the look back by having the CBA develop a list of substantially equivalent states and would amend the words "valid and unrevoked license" to read, "current, active and unrestricted license." This language was never placed into the omnibus bill due to the fact that the committee staff believed the timing was not appropriate as the bill had already passed the policy committee process.

He stated that since that time, due to matters necessitating action that would not have been addressed through the proposed amendment, staff have modified the verification form it uses to collect information from other states regarding an applicant. The form now requests that the state certify the qualifications that were in place when the applicant was licensed. This process has streamlined the look back, and staff's concerns from last year are no longer relevant.

Ms. Salazar pointed out that the CBA may still wish to pursue the portion of the amendment changing "valid and unrevoked" to "current, active and unrestricted."

Mr. Franzella indicated that this change could be pursued through the omnibus bill.

It was moved by Ms. Salazar, seconded by Ms. Anderson, and carried unanimously to recommend that the CBA discontinue pursuing the originally proposed amendment to BPC section 5087, but retain the portion being changed to "current, active, and unrestricted," and direct staff to seek its inclusion in the omnibus bill.

IV. Public Comments

No Public Comments were received

V. Agenda Items for Next Meeting

No agenda items were identified.

There being no further business, the meeting was adjourned at 9:59 a.m.

CALIFORNIA BOARD OF ACCOUNTANCY

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EPOC Item I.
May 29, 2014

CBA Item XI.C.
May 29-30, 2014

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
ENFORCEMENT PROGRAM OVERSIGHT COMMITTEE (EPOC)

MINUTES OF THE
March 20, 2014
EPOC MEETING

DRAFT

Hilton Pasadena
168 South Los Robles Avenue
Pasadena, CA 91101
(626) 577-1000

CALL TO ORDER

Alicia Berhow, Chair, called the meeting of the Enforcement Program Oversight Committee (EPOC) to order at 10:08 a.m. on Thursday, March 20, 2014 at the Hilton Pasadena. Ms. Berhow requested that the roll be called.

Members
Alicia Berhow, Chair
Diana Bell (Absent)
Jose Campos
Herschel Elkins
Louise Kirkbride (Absent)
Kay Ko
K.T. Leung (Absent)

CBA Members Observing
Sarah (Sally) Anderson
Laurence (Larry) Kaplan
Katrina Salazar
Mark Silverman

CBA Staff and Legal Counsel
Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Rafael Ixta, Chief, Enforcement Division
Vincent Johnston, Enforcement Analyst
Corey Riordan, Board Relations Analyst
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General
Matthew Stanley, Legislation and Regulation Coordinator

I. Approve Minutes of the January 23, 2014 EPOC Meeting

It was moved by Mr. Campos, seconded by Mr. Elkins, and unanimously carried to approve the minutes of the January 23, 2014 EPOC Meeting.

II. Discussion Regarding Probation Monitoring of Out-of-State Certified Public Accountants

Mr. Johnston introduced this agenda item stating that probation monitoring provides a vehicle for the CBA to monitor licensee activities while the licensee is on probation. He noted that the CBA's Manual of Disciplinary Guidelines and Model Disciplinary Orders includes a list of 14 standard terms of probation that are to be included in every disciplinary order and 20 optional terms that are included based on the nature of the violation.

Mr. Johnston stated that CBA staff has the ability to monitor compliance with the majority of the 14 standard terms of probation regardless of where the probationer resides. There are, he noted, three standard terms – Personal Appearances, Practice Investigations, and Tolling – that could pose challenges if the probationer resides out-of-state; however, the CBA has options that can be used to address these challenges. Mr. Johnston then presented an overview of the options available to address these challenges.

For personal appearances, he noted the importance of meeting with each probationer to explain the probation process and requirements of the disciplinary order. To ensure that probationers comply with this term, the CBA has the authority to require probationers to come to California for a scheduled personal appearance, regardless of where a probationer resides.

Mr. Johnston stated that practice investigations allow CBA staff to review the probationer's work and address any deficiencies. To ensure compliance with this term, the CBA can require the probationer to either send or personally bring work, selected by CBA staff, to the CBA office for review, or the CBA may request the

accountancy board in the state where the probationer resides to perform a practice investigation.

With regard to the tolling clause, Mr. Johnston stated that time spent working or residing out of California does not count toward the fulfillment of the probationary period; however, during this time the probationer is still required to comply with all other terms of probation. For out-of-state probationers, the CBA has the authority to toll compliance with the other terms until such time as the probationer returns to California.

Mr. Johnston also discussed the Optional Terms of Probation. He noted that supervised practice is the only optional term that could present a challenge for monitoring out-of-state probationers, since the supervisor is not necessarily licensed by the CBA. However, that difficulty can be mitigated by requiring the probationer to find a California licensed CPA to perform the supervision.

Mr. Ixta commented that he hoped this presentation will assure the EPOC members that CBA staff has sufficient means to monitor out-of-state probationers as effectively as in-state probationers.

III. Discussion of Recommended Changes to the Disciplinary Guidelines and Model Orders Regarding Changes to Business and Professions Code Section 5096(e)(10) – Notification of Pending Criminal Charges for Practice Privilege Holders.

Mr. Ixta commented that this agenda item was tabled at the last meeting with the request that, prior to EPOC consideration of this issue, staff present an overview of the probation monitoring process for out-of-state probationers. The presentation was provided in Agenda Item II, and this issue is now ready for EPOC consideration.

Mr. Ixta stated that Senate Bill 822 added subsection 10 to Business and Professions Code (BPC) section 5096(e), requiring any person exercising a practice privilege to notify the CBA of any pending criminal charges. He continued that 5096(g) requires that any person who violates BPC section 5096(e) or 5096(f) may not practice in California for a period of one year. Mr. Ixta directed the EPOC Members' attention to the proposed guideline for BPC section 5096(e)(10) to be incorporated into the Disciplinary Guidelines and Model Orders currently in the rulemaking process. Mr. Ixta noted that the disciplinary guideline was written to conform to BPC section 5096(g), with the minimum penalty being a one year suspension from practicing in California, and that it was consistent with the other violations related to 5096(e).
It was moved by Mr. Campos, seconded by Mr. Elkins, and unanimously carried to recommend to the CBA to approve the guideline for BPC section 5096(e)(10), as presented in Attachment 1, for incorporation into the Disciplinary Guidelines and Model Orders currently in the rulemaking

process.

IV. Public Comments

No public comments were received.

V. Agenda Items for next meeting

There were no agenda items recommended for discussion at the next EPOC meeting.

Adjournment

There being no further business, the meeting was adjourned at 10:34 a.m.

CALIFORNIA BOARD OF ACCOUNTANCY

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LC Item I.	**CBA Item XI.D.**
May 29, 2014	May 29-30, 2014

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

MINUTES OF THE
March 20, 2014
LEGISLATIVE COMMITTEE MEETING

DRAFT

Hilton Pasadena
168 South Los Robles Avenue
Pasadena, CA 91101
(626) 577-1000

CALL TO ORDER

Larry Kaplan, Chair, called the meeting of the Legislative Committee (LC) to order at 10:47 a.m. Mr. Kaplan requested that the role be called.

Present
Larry Kaplan, Chair
Sarah (Sally) Anderson
Diana Bell
Alicia Berhow
Katrina Salazar

CBA Members Observing
Jose Campos
Herschel Elkins
Kay Ko
Mark Silverman

CBA Staff and Legal Counsel
Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division

Vince Johnston, Enforcement Analyst
Sarah Narvaez, Enforcement Manager
Nick Ng, Administration Manager
Corey Riordan, Board Relations Analyst
Kristy Shellans, Senior Staff Counsel, DCA Legal Affairs
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation Analyst

Other Participants
Nancy Corrigan, Chair, Peer Review Oversight Committee
Jason Fox, California Society of CPAs (CalCPA)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee
Pilar Onate-Quintana, KP Public Affairs
Joe Petito, Accountants' Coalition
Jonathan Ross, KP Public Affairs

I. Approve Minutes of the January 23, 2014 LC Meeting

It was moved by Ms. Anderson, seconded by Ms. Bell and carried unanimously to approve the minutes of the January 23, 2014 LC meeting.

II. Update on Legislation on Which the CBA Has Taken a Position (AB 186, SB 176).

Mr. Stanley explained that there are only two bills from 2013 which are still moving through the legislative process. The CBA has a Support if Amended position on AB 186 regarding temporary licenses for military spouses and a Support position on SB 176 regarding electronic submission of rulemaking documents. Staff is not recommending a change to either of those positions.

Mr. Stanley reviewed the CBA approved proposals for inclusion in the annual omnibus bill. These proposals would correct a drafting error regarding disclosure of SEC and PCAOB information at least every six months for mobility purposes; place a 30-day timeframe on the requirement that practice privilege holders report pending criminal charges to the CBA; allow for the collection of email addresses from licensees; and allow for the acceptance of experience in academia as qualifying for CPA licensure.

Mr. Stanley informed the LC that the Senate Business, Professions and Economic Development (B&P) Committee made changes to the email collection language, but that all four proposals will be in the omnibus bill when it is introduced. The changes to the email language clarified that the email address could not be required in order to accommodate licensees who may not have an email address.

It was moved by Ms. Anderson, seconded by Ms. Berhow, and carried unanimously to recommend that the CBA approve the changes to the email language made by the Senate B&P Committee.

III. Consideration of Positions on Newly Introduced Legislation.

A. AB 1702 – Professions and vocations: incarceration

Mr. Stanley stated that AB 1702 provides that an individual who satisfies any licensure requirements while incarcerated, applies for a license following release, and is otherwise eligible for a license cannot have their application for a license delayed or denied solely due to their previous status of incarceration. There is an exception if the crime for which they were incarcerated is substantially similar to the profession.

Mr. Stanley explained that this does not occur at the CBA as the application for licensure does not ask about previous incarcerations but rather about prior convictions. This bill would simply reinforce the CBA's current practice of evaluating an applicant's prior convictions based on substantial equivalency to the accounting profession.

It was moved by Ms. Salazar, seconded by Ms. Anderson, and carried unanimously to recommend that the CBA take a Support position on AB 1702.

B. AB 2058 – Open Meetings

Mr. Stanley indicated that AB 2058 would require that a standing advisory committee of less than three members publicly notice its meetings. A standing committee is one that has a continuing subject matter jurisdiction or has a meeting schedule fixed by a state body.

Mr. Stanley stated that the language of the bill is written in a confusing manner, and the interpretation could vary, but it could be interpreted to mean that a group of one or two board members could not be assigned board business and report back to the board without publically noticing the meeting.

In addition, Mr. Stanley stated that this could have wide ranging implications for the CBA and its various committees. If these meetings were to become public meetings, state agencies may be required to provide space and to have staff attend to take minutes for the public record. He indicated that this could mean significant additional costs to the CBA. As public meetings, these meetings would have to be noticed at least ten days prior to the meeting.

Ms. Bell indicated that the CBA is already transparent as any recommendations made by an advisory committee would be fully vetted in a public meeting of the full body.

Ms. Salazar asked that this bill be placed on the agenda for legislative visits and that the author be included in those visits.

It was moved by Ms. Anderson, seconded by Ms. Berhow, and carried unanimously to recommend that the CBA take an Oppose position on AB 2058 and direct staff to include in the position letter a statement of support for the goal of government transparency and indicate how the CBA is being transparent with its advisory committees of fewer than three people. In addition, direct staff to add this opposition to the agenda for upcoming legislative visits.

C. AB 2147 – Privacy: personal information: agency disclosure

Mr. Stanley indicated that AB 2147 would require agencies to obtain prior written consent before releasing personal information to an independent contractor or anyone who is not an agency employee.

He stated that the CBA is authorized by current law to compel a licensee to provide a client's personal information provided there is an active investigation. However, if AB 2147 were to become law, the CBA could not provide enforcement consultants with tax returns or audit work papers that are a part of the investigation without obtaining the licensee's clients' written authorizations or redacting the private information.

Mr. Stanley further stated that legal counsel brought to staff's attention the fact that this could also affect BreEZe implementation as the BreEZe contractors would have access to all licensees' information during the transition to the new system. In addition, many other boards and bureaus use contractors for matters other than enforcement which require the use of personal information.

The LC discussed how these concerns would be communicated to the Legislature without the normal position letter and asked staff to communicate with the author.

It was moved by Ms. Berhow, seconded by Ms. Bell, and carried unanimously to recommend that the CBA take a Watch position on AB 2147 and direct staff to communicate the CBA's concern regarding enforcement and BreEZe implementation to the author's office.

D. AB 2165 – Professions and Vocations: licenses

Mr. Stanley indicated AB 2165 would require a board to issue a license to those who qualify within 45 days of the filing of the application. It would also mandate licensing exams be given a minimum of six times per year.

Mr. Stanley presented three issues with which staff had concerns. The first is that the bill is not clear when the 45 day timeframe begins. Second, the CBA does not require payment for the initial license until after an application is approved, and the license cannot be issued until after that payment is received. Finally, the CBA, and many other boards, utilize a national exam and does not control how often it is administered.

Mr. Stanley presented proposed amendments that would address these three issues.

Ms. Anderson questioned staff's recommended position of Neutral if Amended. She believed it would carry more weight and lend credence to the suggested amendments if an Oppose Unless Amended position was taken.

Ms. Bell commented that, while the 45-day timeframe is fine for the CBA right now, it may not be achievable in the future as circumstances change.

Ms. Salazar requested clarification on if the proposed amendment would allow for the issuance of a license outside of the 45-day timeframe. Mr. Stanley indicated that it would.

It was moved by Ms. Berhow, seconded by Ms. Anderson, and carried unanimously to recommend that the CBA take an Oppose Unless Amended position on AB 2165.

E. AB 2507 – Public Records Act: exemptions: pending litigation

Mr. Stanley explained that AB 2507 would exempt a public agency attorney billing records from disclosure during litigation. Currently, the law exempts records on pending litigation to which the agency is a party until that litigation is finally adjudicated or settled. This bill would simply clarify that billing records are a part of that.

Mr. Stanley indicated that disclosure of billing records could damage the legal interests of public agencies by revealing information to the opposing litigants.

It was moved by Ms. Salazar, seconded by Ms. Bell, and carried unanimously to recommend that the CBA take a Support position on AB 2507.

IV. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice

Mr. Stanley indicated that no bills had been identified subsequent to the posting of the meeting notice.

V. Public Comments

No Public Comments were received

VI. Agenda Items for Next Meeting

No agenda items were identified.

There being no further business, the meeting was adjourned at 11:20 a.m.

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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
ENFORCEMENT ADVISORY COMMITTEE (EAC)

CBA Item XI.E.
May 29-30, 2014

MINUTES OF THE JANUARY 30, 2014 EAC MEETING

Doubletree by Hilton Berkeley Marina
200 Marina Blvd.
Berkeley, CA 94710
Telephone: (510) 548-7920

I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 8:30 a.m. on January 30, 2014 by EAC Chair, Cheryl Gerhardt.

Enforcement Advisory Committee

Cheryl Gerhardt, Chair	8:30 a.m. to 5:00 p.m.
Mary Rose Caras, Vice Chair	8:30 a.m. to 5:00 p.m.
Joe Buniva	8:30 a.m. to 5:00 p.m.
Gary Caine	8:30 a.m. to 5:00 p.m.
Nancy Corrigan	8:30 a.m. to 5:00 p.m.
Jeffrey DeLyser	8:30 a.m. to 5:00 p.m.
Bill Donnelly	8:30 a.m. to 5:00 p.m.
Robert A. Lee	8:30 a.m. to 5:00 p.m.
Mervyn McCulloch	8:30 a.m. to 5:00 p.m.
Joseph Rosenbaum	Absent
Seid Sadat	8:30 a.m. to 5:00 p.m.
Michael Schwarz	8:30 a.m. to 5:00 p.m.

Staff and Legal Counsel
Rafael Ixta, Enforcement Chief
Paul Fisher, Supervising Investigative CPA
Allison Nightingale, Enforcement Secretary
Kay Lewis, Investigative CPA
Dorothy Osgood, Investigative CPA
David Jones, Investigative CPA
DeAnn MacConell, Investigative CPA
Gogi Overhoff, Investigative CPA
Vincent Johnston, Enforcement Analyst
Sara Narvaez, Enforcement Manager
Carl Sonne, Deputy Attorney General, Department of Justice

II. Approval of the December 12, 2013 EAC Meeting Minutes.

It was moved by Mr. Schwarz, seconded by Mr. Sadat, and unanimously carried to approve the minutes of the December 12, 2013 EAC meeting.

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

III. Public Comments for Items Not on the Agenda.

There were no public comments offered during the meeting.

IV. Review Enforcement Files on Individual Licensees.
[Closed Session: The EAC met in closed session to review and deliberate on enforcement files as authorized by Government Code section 11126(c)(2) and Business and Professions Code section 5020.]

V. Conduct Closed Hearings.

[The Committee will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3) and B&P Code section 5020 to conduct closed sessions to interview and consider possible disciplinary action against an individual licensee or applicant prior to the filing of an accusation.]

VI. Adjournment.

The next EAC meeting is scheduled for May 1, 2014 at the Hilton Los Angeles Airport in Los Angeles.

Having no further business to conduct, the EAC general meeting adjourned at approximately 8:35 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

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item XI.F.
May 29-30, 2014

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

MINUTES OF THE
JANUARY 31, 2014
PROC MEETING

Doubletree by Hilton Berkeley Marina
200 Marina Blvd.
Berkeley, CA 94710
(510) 548 - 7920

I. Roll Call and Call to Order.

PROC Chair Nancy Corrigan called the meeting to order at 10:00 a.m. on Friday, January 31, 2014. The meeting adjourned at 12:24 p.m.

Ms. Corrigan welcomed PROC member Sherry McCoy as Vice Chair and thanked Robert Lee for his service as Vice Chair for the past year.

PROC Members:

Nancy Corrigan, Chair	10:00 a.m. – 12:24 p.m.
Sherry McCoy, Vice Chair	10:00 a.m. – 12:24 p.m.
Robert Lee	10:00 a.m. – 12:24 p.m.
Katherine Allanson	10:00 a.m. – 12:24 p.m.
Jeffrey DeLyser	10:00 a.m. – 12:24 p.m.
Seid M. Sadat	10:00 a.m. – 12:24 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)
Gogi Overhoff, Investigative CPA

II. Report of the Committee Chair.

A. Approval of November 1, 2013 Minutes.

Ms. Corrigan asked if members had revisions to the minutes of the November 1, 2013 PROC meeting.

Members did not have revisions to the minutes.

It was motioned by Katherine Allanson, seconded by Robert Lee, and unanimously carried by those present to adopt the minutes of the November 1, 2013 PROC meeting.

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

Ms. Corrigan's report to the CBA included an overview of the oversight procedures of the CalCPA Report Acceptance Body (RAB) meeting, the approval of the PROC's 2013 Annual Report, and the approval from the National Association of State Boards of Accountancy (NASBA) to participate in the conference calls conducted by NASBA's Compliance Assurance Committee (CAC).

Mr. Ixta advised members that the CBA continued to conduct further research on accepting academia as qualifying experience for CPA licensure, and considered hiring a consulting firm to conduct additional research.

C. Report on the January 23-24, 2014 CBA Meeting.

Ms. Corrigan attended the January 23-24, 2014 meeting. She informed members that CBA President Michael M. Savoy, CPA planned to attend each committee meeting one time per year. Mr. Savoy plans to participate in the next PROC meeting scheduled for May 2, 2014.

Ms. Corrigan stated that the CBA Sunset Review Report will be due in January 2015. However, with the Peer Review Report due in December 2014, Mr. Ixta stated that the Peer Review and Sunset Review Reports will be submitted simultaneously to the legislature in 2014.

Mr. Ixta informed members that the CBA established a taskforce to research the "Firm Mobility" Exposure Draft, allowing firms to practice across state-lines. The taskforce determined that California would not support the Exposure Draft at this time.

III. Report on PROC Activities.

A. Assignment of Future PROC Activities.

Ms. Corrigan confirmed the following assignments:

- February 25, 2014 CalCPA RAB Meeting (Conference Call) at 9:00 a.m. – Katherine Allanson
- March 19, 2014, CalCPA RAB Meeting at 2:00 p.m. (Glendale) – Sherry McCoy
- March 20-21, 2014, CBA Meeting (Pasadena) – Nancy Corrigan
- May 2, 2014, PROC Meeting (Los Angeles) at 9:00 a.m. – PROC Members (Sherry McCoy as Vice Chair)
- May 13, 2014, American Institute of Certified Public Accountants (AICPA) Peer Review Board Meeting – Nancy Corrigan and Seid Sadat
- May 22-23, 2014, CalCPA Peer Review Committee (PRC) Meeting (Dana Point) – Katherine Allanson and Seid Sadat
- May 29-30, 2014 CBA Meeting (Southern California) – Nancy Corrigan and Sherry McCoy

Mr. Ixta suggested rescheduling future PROC meetings to the day before the Enforcement Advisory Committee (EAC) meetings. After discussion, members agreed to keep the original PROC meeting calendar.

B. Report on January 22, 2014 CalCPA RAB Meeting.

Due to a scheduling conflict, Ms. Allanson was unable to attend the January 22, 2014 RAB meeting and will attend the February 25, 2014 RAB meeting. A report on the CalCPA RAB meeting will be provided at the next PROC meeting.

C. Report on November 21-22, 2013 CalCPA PRC Meeting.

Mr. Lee and Mr. DeLyser attended the November 21-22, 2013 CalCPA PRC meeting, and were impressed with the technical review process. Ms. Allanson suggested members connect with CalCPA Technical Reviewer Marcia Hein for an overview of the peer review process. Staff will coordinate with Ms. McCrone to initiate contact and invite Ms. Hein to the May PROC meeting.

D. Report on PROC Oversight of the AICPA Oversight Report of Out-of-State Administering Entities (Nevada, Texas, Oregon, and New York).

Ms. Allanson and Mr. DeLyser informed members that the oversight reports issued in New York and Texas were more voluminous and informative than the reports issued in Oregon and Nevada. Based on their observations, they agreed that California licensed firms practicing in these states had sufficient oversight from the out-of-state administering entities.

IV. Reports and Status of Peer Review Program.

A. Updates on Peer Review Reporting Forms Received and Correspondence to Licensees.

Mr. Ixta stated that commencing in January 2014, the Peer Review Program will no longer track the statistics of licensees who have reported their peer review information to the CBA. Mr. Ixta advised members that the License Renewal Unit will review the reporting forms, and refer deficiencies to the Enforcement Division for potential enforcement action. Mr. Ixta also informed members that staff will perform periodic sampling to audit the information on the Peer Review Reporting Forms for quality assurance.

Ms. Freeman advised members that staff will continue to monitor licensees under the initial phase-in periods and determine whether further enforcement action is required.

B. Status of PROC Roles and Responsibilities Activity Tracking.

Ms. Freeman stated that the activity tracking charts for 2013 and 2014 were updated to capture recently attended activities and upcoming events.

Members requested that the attendance at CBA meetings also be captured on the tracking list.

V. Report of the Enforcement Chief.

A. Approval of the 2013 Annual Report to the CBA.

Mr. Ixta gave a summary of the revisions to the 2013 Annual Report to the CBA and requested feedback from members.

Members offered various edits to the Annual Report, including adding further clarification between the "Peer Review Reporting Forms Received by the CBA" and the "Peer Review Reports Accepted by the CalCPA."

Staff will make the requested revisions to the Annual Report in advance of the CBA meeting on March 20-21, 2014.

It was motioned by Jeffrey DeLyser, seconded by Seid Sadat, and unanimously carried by those present to accept the PROC 2013 Annual Report with revisions and appoint the PROC chair to approve the final report.

B. Discussion of the AICPA's Annual Report on Oversight Regarding the Peer Review Program, issued September 27, 2013.

Mr. Ixta gave a summary of the AICPA's Annual Report on Oversight Regarding the Peer Review Program and requested comments from members.

Mr. Ixta informed members that the president of the AICPA oversight taskforce stated that the objectives of the Peer Review Board oversight program were met for the 2012 calendar year.

Ms. McCrone stated that the information provided in the report was helpful and thorough.

C. Discussion of the Report on the Administrative Oversight Visit to the National Peer Review Committee (NPRC), dated November 8, 2012.

Mr. Ixta gave a summary of the Report on the Administrative Oversight Visit to the NPRC and requested comments from members.

Ms. McCoy identified a potential error in the October 26, 2012 Letter Regarding the Administrative Oversight Visit to the NPRC. She noted that "October 18-19, 2010" should state "October 18-19, 2012."

D. Discussion of CBA Communication to New Licensees Regarding Peer Review Requirements.

Mr. Ixta gave a summary of the CBA communication to new licensees regarding peer review requirements and requested comments. Mr. Ixta stated that new licensees are notified about the requirement that they must complete a peer review within eighteen months after they complete any services subjecting them to a peer review.

VI. Future Agenda Items.

1. Request Overview of Technical Review Process from CalCPA Technical Reviewer Marcia Hein.
2. 2013 CalCPA Report.
3. Report from CBA President Michael Savoy and CBA Executive Officer Patti Bowers.
4. Compliance Assurance Committee Report.
5. Administrative Site Visit Planning.
6. AICPA Exposure Draft Regarding Financial Statements.

VII. Public Comment for Items Not on the Agenda.

There was no comment from the public for items not on the Agenda.

VIII. Adjournment.

There being no further business, Ms. Corrigan adjourned the meeting at 12:24 p.m. on Friday, January 31, 2014.

_____

Nancy J. Corrigan, CPA, Chair

Alice Tran, Peer Review Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-1734.

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item XI.G.
May 29-30, 2014

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

MINUTES OF THE JANUARY 22, 2014 QUALIFICATIONS COMMITTEE (QC) MEETING

Irvine Marriott
18000 Von Karman Avenue
Irvine, CA 92612
Telephone: (949) 553-0100
Fax: (949) 261-7059

The regularly scheduled meeting of the QC was called to order at approximately 11:32 a.m. on January 22, 2014, by QC Chair, Maurice Eckley, Jr.

QC Members

Maurice Eckley, Jr., Chair
Robert Ruehl, Vice Chair
Jenny Bolsky
Brian Cates
Lewis Fisher – Absent
Chuck Hester
Fausto Hinojosa – Absent
Kristina Mapes
Casandra Moore Hudnall – Absent
Alan Lee
Erin Sacco Pineda
Jeremy Smith – Absent

CBA Members

Michael M. Savoy, CPA, CBA President

CBA Staff

Patti Bowers, Executive Officer
Veronica Daniel, Licensing Manager

Dominic Franzella, Chief, Licensing Division
Kathryn Kay, Licensing Coordinator
Deanne Pearce, Assistant Executive Officer

I. Chairperson's Report.

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

This item was deferred to the April 23, 2014 QC Meeting.

Mr. Eckley recognized and thanked Ms. Mapes for her service as Vice Chair in 2013. He welcomed and congratulated Bob Ruehl on his appointment to serve as the new Vice Chair for the upcoming year. Mr. Eckley noted that over the past year the CBA had stressed the importance of succession planning. He noted that Michael Haas, Gary Bong, and James Woyce were rotated off the QC to stagger appointment dates. Mr. Eckley also added the CBA accepted Mr. Aguila's retirement from the committee.

CBA President Savoy stated that it is a pleasure to be a part of the new leadership team of the CBA. He highlighted that one item the CBA will be addressing is the important role of its committee liaisons. He added that at the November 2013 CBA meeting, staff reported it will be developing an orientation program that will provide liaisons with information regarding their roles and responsibilities. Mr. Savoy added the CBA will also begin providing training for its incoming committee chairs and vice chairs on their roles and expectations and training will cover various topics, including how to conduct meetings in accordance with the Bagley-Keen Open Meeting Act. He reported the first training will be held on January 23, 2014.

Mr. Savoy thanked Mr. Eckley for volunteering to serve as the QC chair for a second year during his final year on the committee and acknowledged his assistance in mentoring future leadership for the committee. Mr. Savoy added that on behalf of the CBA, he would like to thank every member for volunteering their time and efforts to the QC and for their commitment to the CBA's mission to the protect California consumers.

II. Report of the CBA Liaison

A. Report on the November 21-22, 2013 CBA Meeting.

Mr. Franzella provided an overview of two informational presentations the CBA received at the November meeting.

Mr. Franzella reported that the CBA reappointed Mr. Eckley as the QC Chair, appointed Mr. Ruehl as the QC Vice Chair, and reappointed Ms. Bolsky as a QC member.

Mr. Franzella reported that the CBA reviewed the first quarter financial statement for fiscal year 2013-2014. He added the current fiscal year budget is set at $11,574,000, an increase of four percent from fiscal year 2012-2013. He reported that revenue during the first quarter was approximately $3,000,000.

Mr. Franzella reported that the CBA took action to establish a Mobility Stakeholder Group (MSG) to consider whether the new practice privilege provisions are consistent with the CBA's duty to protect the public. He added the group will be comprised of two CBA members, two representatives of the accounting profession, two consumer representatives, and one enforcement staff member.

Mr. Franzella also reported the CBA appointed two members comprised of CBA President Savoy and Vice President Campos to a taskforce for the purpose of reviewing an exposure draft on firm mobility, which was presented by NASBA Chief Executive Officer, Ken Bishop. He added that the CBA would be considering a comment letter for the exposure draft at the January 23-24, 2014 CBA Meeting.

III. Report on the Activities of the Initial Licensing Unit

Ms. Daniel provided an overview of this item. She reported that Initial Licensing Unit (ILU) staff continues to prepare for reviewing applications for the new educational requirements, which took effect January 1, 2014. She added that it is anticipated that the CBA will start seeing applications submitted under the new requirements beginning February 2014. Ms. Daniel highlighted that the intake of applications for CPA licensure has increased. Ms. Daniel added the ILU is presently recruiting to fill an Office Technician position.

Ms. Sacco Pineda inquired if the increased intake of applications was due to the new educational requirements.

Ms. Daniel responded that there appears to be a correlation based on the substantial increase in the amount of applications received in December 2013, prior to the new educational requirements taking effect on January 1, 2014.

IV. Public Comment for Items Not on the Agenda.

Ms. Bowers provided an overview of the various CBA committees, their roles and responsibilities, and encouraged members to continue to promote participation among their colleagues. She also encouraged members to

provide feedback regarding how the CBA can make participation in its various committees more convenient and efficient.

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

C14-008 – The applicant and five employers appeared and presented work papers from her public accounting experience. She has 83.25 months of experience, with a 12-month experience requirement.

Three employers had adequate understanding of the CAE. Two did not have adequate understanding of the CAE and were placed on reappearance status. The work performed by the applicant was reviewed and no deficiencies were noted. The work in aggregate was adequate to support licensure.

Recommendation: Approve.

C14-009 – The applicant and her employer appeared with work papers from her public accounting experience. She has 92 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include audit engagements. 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.

C14-011– The applicant and her employer appeared with work papers from her public accounting experience. She has 157.75 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers were reviewed and although no deficiencies were noted, the amount of attest hours provided did not meet the

minimum 500-hour attest experience requirement. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum, an additional 213 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.

C14-012 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 29.5 months of experience, with a 12-month experience requirement.

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.

C14-013 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 79 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.

C14-014 – The applicant appeared due to government experience and presented work papers. She has 21.25 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.

C14-015 – The applicant and his employer appeared and presented work papers from his private industry experience. He has 27.75 months of experience, with a 12-month experience requirement.

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.

C14-016 – The applicant and her employer appeared with work papers from her public accounting experience. She has 152 months of experience, with a 24-month experience requirement.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include audit engagements. 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 he will be required to reappear with work papers for the QC's review. The firm is placed on reappearance.

The following Section 69 reviews took place on January 15, 2014, and are made a part of these minutes.

C14-001 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 50.75 months of experience, with a 12-month experience requirement.

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.

C14-002 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 43.75 months of experience, with a 12-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. There was no conflict of interest.

Recommendation: Approve.

C14-003 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 43.5 months of experience, with a 12-month experience requirement.

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.

C14-004 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 34 months of experience, with a 12-month experience requirement.

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.

C14-005 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 35.75 months of experience, with a 12-month experience requirement.

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.

C14-006 – The applicant and her employer appeared and presented work papers from her government experience. She has 35.5 months of experience, with a 24-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.

C14-007 – The applicant and his employer appeared and presented work papers from her government experience. She has 25.5 months of experience, with a 12-month experience requirement.

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.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 11:58 A.M. on January 22, 2014. The next meeting of the QC will be held on April 23, 2014.

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Maurice Eckley, Jr., Chair

Prepared by: Kathryn Kay, Licensing Coordinator

CALIFORNIA BOARD OF ACCOUNTANCY

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CBA Item XII.C.
May 29-30, 2014

Nominations for NASBA Board of Directors

Presented by: Corey Riordan, Board Relations Analyst
Date: April 7, 2014

Purpose of the Item

The purpose of this agenda item is to inform California Board of Accountancy (CBA) that the National Association of State Boards of Accountancy (NASBA) Nominating Committee is requesting recommendations from all state boards for Nominating Committee Members, Directors-at-Large and Regional Directors for 2014-2015.

Action(s) Needed

If the CBA would like to recommend a candidate for the position of NASBA Nominating Committee Member, Director-at-Large, or Regional Director, staff may be directed to prepare a letter indicating such and delegate the final language approval to the CBA President prior to the letter being forwarded to NASBA.

Background

Annually, the NASBA Nominating Committee requests recommendations from all state boards for Nominating Committee Members, Directors-at-Large and Regional Directors.

Comments

NASBA's memorandum regarding nominations for Nominating Committee Members, Directors-at-Large and Regional Directors is provided as **Attachment 1**.
Marianne Mickelson has requested that the CBA endorse her nomination as a candidate for the Director-at-Large position. Ms. Mickelson's curriculum vitae and the Iowa Accountancy Examining Board's letter of recommendation are provided as **Attachment 2.**

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachments

1. NASBA Memorandum.
2. Marianne Mickelson's Curriculum Vitae and the Iowa Accountancy Examining Board's letter of recommendation.

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CBA Item XIII.C.
May 29-30, 2014

Press Release Focus

Presented by: Deanne Pearce, Assistant Executive Officer
Date: May 15, 2014

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
None.

Background
A post-CBA meeting press release, *Peer Review Oversight Committee Report Highlights Peer Review Accomplishments,* was issued following the March CBA meeting, and six enforcement action press releases have also been issued.
A press advisory notifying the media of the May 29-30, 2014 CBA meeting is scheduled to be distributed May 27, 2014.

Comments
None.

Fiscal/Economic Impact Considerations
None.

Recommendation
Staff recommendation will be made at the time of this presentation.

Attachments
1. Peer Review Oversight Committee Report Highlights Peer Review Accomplishments
2. Enforcement Action Press Releases

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Attachment 1

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 849-9022

PEER REVIEW OVERSIGHT COMMITTEE REPORT HIGHLIGHTS PEER REVIEW ACCOMPLISHMENTS

(Sacramento, CA) – The CBA's Peer Review Oversight Committee (PROC) has presented its 2013 Annual Report to the CBA, highlighting the accomplishments made in the final year of mandatory peer review's phase in. Peer review is the study of a firm's accounting and auditing practice by an independent Certified Public Accountant (CPA) using professional standards, for the purpose of promoting quality in the accounting and auditing services provided by CPAs.

According to CBA President Michael M. Savoy, CPA, the PROC report underscores the success of the PROC itself in 2013.

"This committee, charged with oversight of a very important consumer protection initiative, accomplished what it set out to do," said Mr. Savoy. "I congratulate PROC Chair Nancy Corrigan and all of the committee members on a job well-done."

Among the report highlights:

- The PROC installed processes and procedures to oversight administering entities which accept peer reviews of California firms, regardless if the administering entity is located in-state, out-of-state, or on a nation-wide basis.

- The PROC implemented a procedure for providing oversight to AICPA's administering entities in other states that administer peer reviews to California-licensed accounting firms. This year the PROC reviewed the AICPA's oversight reports for Nevada, Oregon, Texas, and New York; each of these states

administered at least ten peer reviews to California-licensed firms.

- The PROC continued to provide a comprehensive level of oversight to the California Society of Certified Public Accountants (CalCPA), the administering entity responsible for administering peer reviews to the vast majority of accounting firms in California.

- Effective January 1, 2014, Title 16, California Code of Regulations (CCR) sections 40 and 45 were amended requiring licensees to report specific peer review information on the Peer Review Reporting Form at the time of license renewal. The revised language also clarifies that any firm that performs specific services for the first time, whether it is newly licensed or simply new to performing those services, must complete a peer review within 18 months of the date it completes those services.

- Effective January 1, 2013, BPC section 5076 was amended to allow licensees to renew their license into an inactive status without having a peer review. A peer review is required prior to the licensee converting or renewing back to an active status.

For more information, please visit the CBA website, www.cba.ca.gov.

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Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 87,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

Subscribe to CBA E-News to receive links to the latest digital edition of UPDATE and the latest information on CBA programs and activities.

Attachment 2

California Board of Accountancy
Enforcement Action News Release

Sent to HalfMoonBay@Patch.com (Half Moon Bay Patch), Clay@hmbreview.com (Half Moon Bay Review) and business@mercurynews.com (San Mateo Times) on April 28, 2014

Daniel Robert Miller, Half Moon Bay, CA (CPA 41516) 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#M_1951

Sent to BCauble@record.net (The Stockton Record) and jfarrow@modbee.com and jholland@modbee.com (The Modesto Bee) on April 28, 2014

Trudy Newberry Reed, Stockton, CA (CPA 51681) 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#R_1937

Sent to James.Meier@thedesertsun.com (The Desert Sun) and PalmDesert@patch.com (Palm Desert Patch) on April 28, 2014

Kevin W. Cahill and Cahill & Associates, An Accountancy Corporation, Rancho Mirage, CA (CPA 37365; COR 5706) 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_1040

http://www.dca.ca.gov/cba/discipline/index.shtml#C_1054

Sent to business@latimes.com (The Los Angeles Times) and PalosVerdes@patch.com (Palos Verdes Patch) on April 28, 2014

Chih-Pin Cheng, Rolling Hills Estates, CA (CPA 68133) 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_1942

Sent to business@latimes.com (The Los Angeles Times) and WoodlandHills@patch.com (Woodland Hills Patch) on April 28, 2014

Mark Edward Hall, Woodland Hills, CA (CPA 89467) 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#H_1773

Sent to business@ocregister.com (The Orange County Register) on April 28, 2014

Eddy John Secco, Silverado, CA (CPA 83513) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/index.shtml#S_1246