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CBA Item V.C.
July 24, 2014

Update on the CBA 2013-2015 Communications and Outreach Plan

Presented by: Lauren Hersh, Information & Planning Manager

Date: July 9, 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

No specific action is required on this item.

Background

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

Comments

Outreach

Staff is partnering with the CalCPA Institute on a major outreach event to be held in conjunction with the September CBA meeting in San Diego, possibly with participation of the CBA leadership. While still in the early planning stages, this two-hour informative event will be reaching out to accounting students and candidates, giving them a view of what they can expect from initial application through their first renewal. The event will be held at a still to be determined San Diego area college campus. Plans include a webcast of the event, with the recording available for later viewing on the CBA website. More information will be forthcoming as it becomes available.

Staff have planned a live Facebook outreach event for the week of July 14, 2014, which will focus on assisting participants with exam and licensing information. In addition, a new YouTube instructional video is in the scripting process and staff hopes to launch it in August.

Social Media

Staff focused on several key messages in support of consumer protection in May and June. Messaging included the temporary fee reductions that took effect July 1, 2014, IRS' new "Taxpayer Bill of Rights," license renewal information including peer review fingerprint, Fraud continuing education and new delinquent renewal requirements.

Update on the CBA 2013-2015 Communications and Outreach Plan

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At this writing, the CBA has 2,705 Facebook fans, 1,452 Twitter followers, and 504 direct LinkedIn connections. Once again, the CBA has received recognition for its tweets, including one on June 18, 2014 about the IRS easing its offshore voluntary disclosure program for non-willful tax evasion, which was ranked as the 14th most engaging tweet that day from California government. There have been recent changes by Facebook that have had the effect of limiting what fans are seeing on their newsfeeds. Staff is analyzing the situation in the hopes of finding a work-around to make certain our most important messages are getting to our fans.

Press Releases

The chart below illustrates the number of press advisories, topical news releases and enforcement press releases issued in 2012, 2013, and to date for 2014. News releases and press 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.

| Press Releases | 2012 | 2013 | 2014* |
|--|-------------|-------------|--------------|
| Press advisories & topical news releases | 19 | 19 | 12 |
| Enforcement press releases | 35 | 56 | 16 |
| Total | 54 | 75 | 28 |

*as of 6/9/2014

E-News

E-News subscriptions have increased by 235 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 increases are in those subscribing to the California Licensee information and the UPDATE publication.

| List Name | External | Internal | Total |
|-------------------------------------|-----------------|-----------------|---------------|
| California Licensee | 9,499 | 55 | 9,554 |
| Consumer Interest | 4,367 | 58 | 4,425 |
| Examination Applicant | 2,844 | 46 | 2,890 |
| Licensing Applicant | 3,478 | 49 | 3,527 |
| Out-of-State Licensee | 2,279 | 49 | 2,328 |
| Statutory and Regulatory | 7,630 | 63 | 7,693 |
| CBA Meeting Info & Agenda Materials | 3,553 | 44 | 3,597 |
| UPDATE Publication | 7,172 | 26 | 7,198 |
| Total subscriptions | 40,822 | 390 | 41,212 |

Update on the CBA 2013-2015 Communications and Outreach Plan

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UPDATE

The Spring/Summer edition is with the Office of State Publishing with an anticipated mailing date in early August. This edition features an interview with Fausto Hinojosa, who is in his final year of service on the Qualifications Committee and graciously agreed to share his experience with us as we continue to recruit to fill committee positions.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

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

Licensee Population

| Type of License | As of June 30, 2012 | As of June 30, 2013 | As of June 30, 2014 |
|------------------------|--------------------------------|--------------------------------|--------------------------------|
| CPA | 84,712 | 87,015 | 90,912 |
| PA | 122 | 105 | 85 |
| Partnership | 1,414 | 1,431 | 1,460 |
| Corporation | 3,718 | 3,835 | 3,995 |

Contact with CBA Stakeholders

| Telephone Calls Received | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-------------------|-------------------|-------------------|
| Examination Unit | 20,511 | 22,610 | 18,815 |
| Initial Licensing Unit | 19,399 | 24,006 | 27,889 |
| License Renewal and Continuing Competency Unit | 21,579 | 20,958 | 25,172 |
| Practice Privilege Unit | 882 | 921 | 663 |

| Emails Received | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-------------------|-------------------|-------------------|
| Examination Unit | 10,042 | 11,551 | 10,867 |
| Initial Licensing Unit | 7,913 | 9,670 | 14,098 |
| License Renewal and Continuing Competency Unit | 8,192 | 9,601 | 14,488 |
| Practice Privilege Unit | 1,516 | 583 | 381 |

Examination Unit

- On May 1, 2014, the Examination and Initial Licensing Units began performing advisory reviews of new CPA Exam candidates' progress toward meeting the new licensing educational requirements. The advisory review is based on all educational documents on file with the CBA and takes place after candidates have been approved to sit for the CPA Exam for the first-time. Candidates are also provided with a copy of the reviewed educational documents so that they may see how the CBA reached its determination, which should provide candidates with a good understanding of their standing toward meeting the educational requirements for CPA licensure. A new table reflecting this workload has been added to this report after the existing Examination tables.

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

- The Examination Unit is recruiting for one Retired Annuitant (RA) Associate Governmental Program Analyst (AGPA).
- The NASBA's CPA Exam Performance Report for the second quarter of 2014 is **attached**. The report contains overall statistics for each jurisdiction as well as 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

| CPA Examination Applications | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|-------------------------------------|-------------------|-------------------|-------------------|
| First-Time Sitter | | | |
| Total Received | 7,243 | 7,175 | 6,661 |
| Total Processed | 7,765 | 7,462 | 6,720 |
| Average Days to Process | 21 | 25 | 20 |
| Repeat Sitter | | | |
| Total Received | 17,606 | 18,584 | 17,044 |
| Total Processed | 17,775 | 18,685 | 17,455 |
| 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 | 173 |
| Total Completed | * | 104 | 176 |
| Average Days to Process | * | 16 | 18 |
| Educational Qualification Appeals** | | | |
| Total Received | ** | 40 | 50 |
| Total Completed | ** | 37 | 52 |
| Average Days to Process | ** | 20 | 22 |
| Special Accommodation Requests** | | | |
| Total Received | ** | 69 | 172 |
| Total Completed | ** | 69 | 178 |
| Average Days to Process | ** | 8 | 12 |

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

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

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

| New Educational Requirements Advisory Reviews | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-------------------|-------------------|-------------------|
| Total Reviews Completed | - | - | 445 |
| Met All Requirements | - | - | 166 |
| Deficient 150 Only | - | - | 59 |
| Deficient Ethics Only | - | - | 51 |
| Other Combination of Deficiencies | | | 169 |
| Approved Masters Degree | - | - | 6 |
| Average Days to Process | - | - | 26 |

Initial Licensing Unit

- The Initial Licensing Unit (ILU) continues its efforts toward implementation of the reduction in licensing fees, which took effect July 1, 2014. CBA website information and documents, as well as current internal processes have been updated accordingly.
- The ILU continues to see an increase in the volume of initial applications received from individuals applying under the new educational requirements. As there is an increased review time associated with evaluating experience under the new requirements, streamlined internal processes have been implemented in efforts of maintaining current processing timeframes.
- On May 15, 2014, Dominic Franzella, Licensing Division Chief, and Veronica Daniel, ILU Manager, attended an annual meeting of the accounting department at Cosumnes River College. At the meeting, Mr. Franzella and Ms. Daniel provided information on the current discussions before the CBA, as well as, information regarding the new educational requirements for CPA licensure.
- The ILU is presently recruiting to fill one Office Technician (OT) position and one RA Staff Services Analyst (SSA) position.

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

| Individual License Applications | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-------------------|-------------------|-------------------|
| Certified Public Accountant | | | |
| Total Received | 3,594 | 3,654 | 4,600 |
| Total Processed | 3,241 | 3,474 | 4,906 |
| Average Days to Process | 15 | 25 | 24 |
| Method of Licensure | | | |
| Pathway 0 | 12 | 4 | 0 |
| Pathway 1 – attest | 405 | 416 | 522 |
| Pathway 1 – general | 499 | 543 | 824 |
| Pathway 2 – attest | 795 | 756 | 928 |
| Pathway 2 – general | 1,530 | 1,755 | 2,560 |
| New Requirements – attest | n/a | n/a | 17 |
| New Requirements – general | n/a | n/a | 55 |

| Certification Requests | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|-------------------------------|-------------------|-------------------|-------------------|
| Total Received | 1,237 | 1,073 | 1,039 |
| Total Processed | 1,237 | 1,073 | 972 |
| Average Days to Process | 20 | 20 | 22 |

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

| Firm License Applications | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|----------------------------------|-------------------|-------------------|-------------------|
| Corporation | | | |
| Total Received | 257 | 221 | 210 |
| Total Processed | 223 | 174 | 200 |
| Average Days to Process | 8 | 14 | 17 |
| Partnership | | | |
| Total Received | 125 | 89 | 91 |
| Total Processed | 106 | 70 | 92 |
| Average Days to Process | 8 | 14 | 17 |
| Fictitious Name Permit | | | |
| Total Received | 178 | 169 | 183 |
| Total Processed | 156 | 105 | 139 |
| Average Days to Process | 8 | 14 | 17 |

License Renewal and Continuing Competency Unit

- In preparation of the implementation of retired status that took effect July 1, 2014, the License Renewal and Continuing Competency (RCC) Unit continues its efforts to update its internal processes. Additionally, the CBA website has been updated to include the retired status application and informational materials, such as frequently asked questions. The License Renewal Handbook is presently being revised to include updated retired status information.
- In an effort to provide expanded information to members, a new section has been added to the table on page 6 to include statistical information regarding compliance to the fingerprint requirement.
- The RCC Unit is presently recruiting to fill one permanent OT position, two OT RA positions, one permanent SSA position, one SSA RA position, one permanent AGPA position and one AGPA RA position.

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

| License Renewal | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-------------------|-------------------|-------------------|
| Total Licenses Renewed | | | |
| Certified Public Accountant | 38,329 | 38,334 | 39,164 |
| Public Accountant | 20 | 25 | 12 |
| Corporation | 1,654 | 1,560 | 1,526 |
| Partnership | 653 | 579 | 572 |
| License Renewal Verification | | | |
| CPA/PA Applications Reviewed | 44,749 | 36,927 | 39,605 |
| Deficient Applications Identified | 4,233 | 4,064 | 5,659 |
| Compliance Responses Received | 3,502 | 3,453 | 4,128 |
| Outstanding Deficiencies | 675 | 558 | 1,510 |
| Top Three Renewal Deficiencies | | | |
| 1) Failure to Submit/Incomplete/Filed on Behalf of Firm - Peer Review Reporting Form | -- | -- | 66% |
| 2) Failure to Submit/Incomplete License Renewal Application | -- | -- | 23% |
| 3) Failure to Complete Four Hours of Ethics Continuing Education | -- | -- | 11% |
| CE Audits | | | |
| Licensees Selected for Audit | ^ | 30 | 855 |
| Outstanding Audits | ^ | 0 | 484 |
| Compliances Received | ^ | 30 | 371 |
| Fingerprints | | | |
| Notification Letters Sent | -- | -- | 15,373 |
| CORI Compliances Received | -- | -- | 5,643 |
| Non-Compliance Notifications (Audit) | -- | -- | 131 |
| Enforcement Referrals* | 56 | 53 | 582 |

^ 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 June 30, 2014**

Practice Privilege Unit

| Practice Privilege | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|---|-------------------|-------------------|-------------------|
| Out-of-State Accounting Firm Registrations | | | |
| Total Approved | -- | -- | 209 |
| Total Pending Review | -- | -- | 0 |
| Total Deficiencies Identified | -- | -- | 5 |
| Total Enforcement Referrals | -- | -- | 10 |

- The Practice Privilege Unit identified an error in the May 2014 Licensing Division Report. The number of approved out-of-state accounting firm registrations was inadvertently over reported. The number of approved firm registrations as of April 30, 2014 was 176, not 279.
- The Practice Privilege Unit is recruiting for one permanent AGPA position.

Overall Performance

| | |
|---------------------|---------------|
| Unique Candidates | 42,603 |
| New Candidates | 12,081 |
| Total Sections | 55,433 |
| Passing 4th Section | 5,712 |
| Sections/Candidate | 1.30 |
| Pass Rate | 51.5% |
| Average Score | 72.4 |

Section Performance

| | Sections | Score | % Pass |
|------------|---------------|-------------|--------------|
| First-Time | 32,221 | 73.5 | 57.8% |
| Re-Exam | 23,212 | 71.0 | 42.7% |
| AUD | 15,341 | 73.3 | 49.0% |
| BEC | 12,790 | 74.3 | 58.2% |
| FAR | 13,416 | 70.1 | 47.7% |
| REG | 13,886 | 72.0 | 51.7% |

Top 3 Jurisdictions

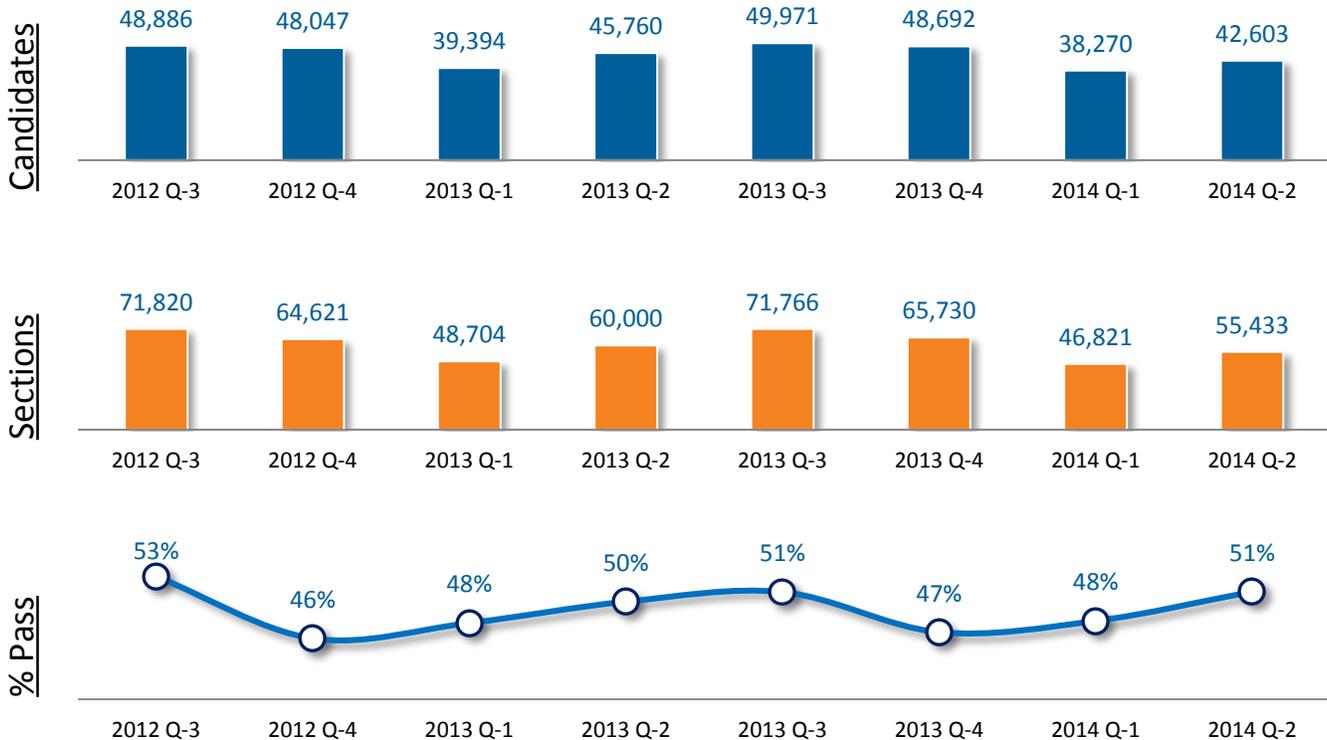
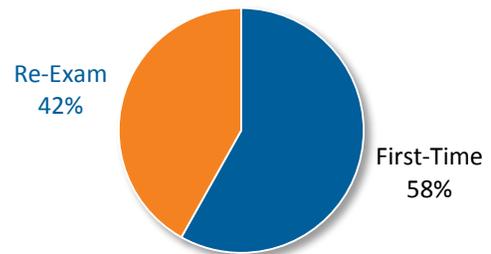
Most Candidates

| | |
|---------------|--------------|
| 1. California | 5,624 |
| 2. New York | 4,560 |
| 3. Texas | 2,796 |

Highest Pass Rate

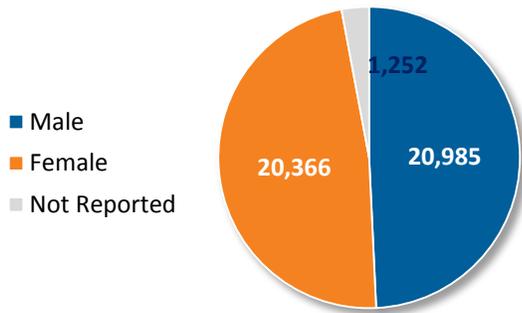
| | |
|--------------|--------------|
| 1. Wisconsin | 63.8% |
| 2. Missouri | 62.9% |
| 3. Utah | 61.9% |

Exam Type by Percent



CPA Exam Performance: *All Jurisdictions*

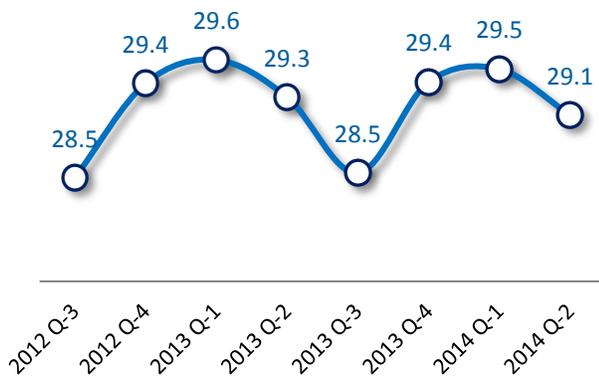
Demographics



Residency

| Candidate Count | |
|----------------------|--------|
| In-State Address | 32,336 |
| Out-of-State Address | 6,600 |
| Foreign Address | 3,667 |
| % of Candidates | |
| In-State Address | 75.9% |
| Out-of-State Address | 15.5% |
| Foreign Address | 8.6% |

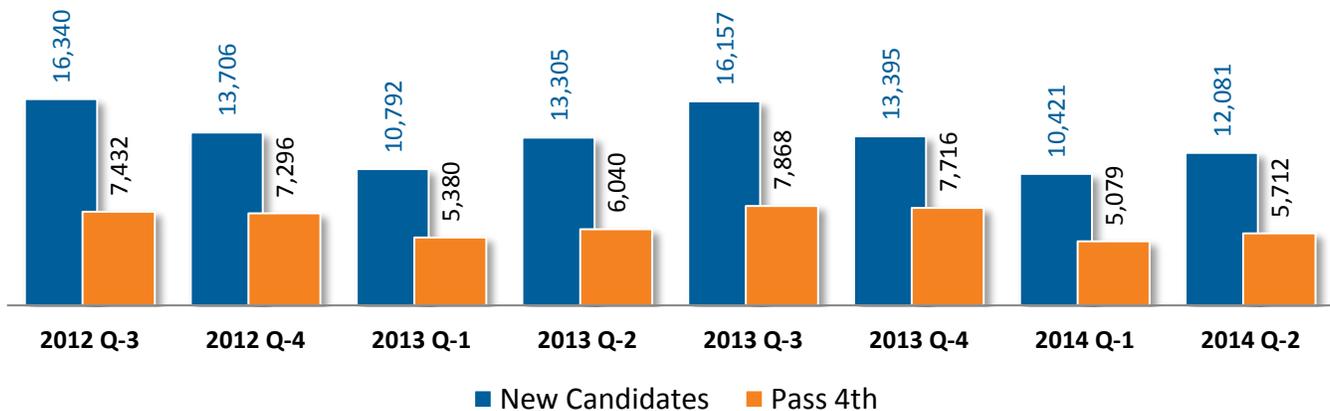
Average Age



Degree Type

| Candidate Count | |
|-------------------|--------|
| Bachelor's Degree | 29,606 |
| Advanced Degree | 6,212 |
| Enrolled/Other | 6,785 |
| % of Candidates | |
| Bachelor's Degree | 69.5% |
| Advanced Degree | 14.6% |
| Enrolled/Other | 15.9% |

New Candidates vs Candidates Passing 4th Section



Notes about the Data

- The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 Jurisdictions.
- The demographic data related to Age, Gender and Degree Type is provided by the individual candidates and may not be 100% accurate.

2014 Q-2

Overall Statistics for Testing Window 2014 Q-2

| Jurisdiction | Count Candidates | Count Sections | FT Sections | RE Sections | Average Pass Rate | Average Score | Average Age |
|----------------------|------------------|----------------|-------------|-------------|-------------------|---------------|-------------|
| Alabama | 146 | 175 | 84 | 91 | 54.3% | 72.2 | 31.0 |
| Alaska | 551 | 772 | 490 | 282 | 41.7% | 67.6 | 30.8 |
| Arizona | 440 | 547 | 316 | 231 | 54.5% | 72.4 | 30.4 |
| Arkansas | 171 | 209 | 95 | 114 | 43.5% | 69.2 | 29.8 |
| California | 5,624 | 7,278 | 3,948 | 3,330 | 45.2% | 70.2 | 30.4 |
| Colorado | 1,104 | 1,445 | 892 | 553 | 53.3% | 73.4 | 30.3 |
| Connecticut | 546 | 663 | 351 | 312 | 46.9% | 72.1 | 28.2 |
| Delaware | 212 | 266 | 127 | 139 | 39.1% | 67.3 | 31.8 |
| District of Columbia | 91 | 122 | 83 | 39 | 50.0% | 70.3 | 31.4 |
| Florida | 1,354 | 1,619 | 971 | 648 | 54.5% | 74.1 | 30.6 |
| Georgia | 1,455 | 1,884 | 1,200 | 684 | 56.7% | 74.1 | 28.7 |
| Guam | 379 | 593 | 346 | 247 | 43.2% | 70.3 | 33.2 |
| Hawaii | 138 | 170 | 68 | 102 | 41.8% | 70.7 | 30.6 |
| Idaho | 138 | 199 | 117 | 82 | 51.3% | 71.7 | 30.7 |
| Illinois | 2,527 | 3,320 | 2,044 | 1,276 | 56.4% | 74.3 | 27.8 |
| Indiana | 629 | 774 | 448 | 326 | 52.6% | 73.8 | 28.3 |
| Iowa | 312 | 451 | 324 | 127 | 57.7% | 75.8 | 26.3 |
| Kansas | 157 | 203 | 103 | 100 | 56.2% | 74.3 | 28.6 |
| Kentucky | 370 | 455 | 262 | 193 | 47.0% | 71.4 | 29.0 |
| Louisiana | 396 | 486 | 256 | 230 | 44.4% | 71.2 | 29.3 |
| Maine | 420 | 636 | 326 | 310 | 49.1% | 71.1 | 30.4 |
| Maryland | 751 | 951 | 481 | 470 | 46.0% | 71.0 | 29.7 |
| Massachusetts | 1,236 | 1,548 | 895 | 653 | 56.9% | 74.4 | 27.4 |
| Michigan | 985 | 1,207 | 758 | 449 | 59.5% | 75.8 | 27.1 |
| Minnesota | 685 | 861 | 508 | 353 | 58.5% | 75.0 | 27.3 |
| Mississippi | 158 | 200 | 100 | 100 | 44.0% | 71.1 | 30.4 |
| Missouri | 652 | 977 | 682 | 295 | 62.9% | 75.9 | 26.3 |
| Montana | 311 | 485 | 304 | 181 | 46.2% | 69.6 | 28.6 |

| Jurisdiction | Count Candidates | Count Sections | FT Sections | RE Sections | Average Pass Rate | Average Score | Average Age |
|----------------|------------------|----------------|-------------|-------------|-------------------|---------------|-------------|
| Nebraska | 128 | 151 | 99 | 52 | 59.6% | 76.5 | 26.9 |
| Nevada | 146 | 183 | 117 | 66 | 53.6% | 74.3 | 30.0 |
| New Hampshire | 2,000 | 2,697 | 1,507 | 1,190 | 44.2% | 69.1 | 31.0 |
| New Jersey | 1,234 | 1,557 | 723 | 834 | 42.3% | 69.3 | 29.0 |
| New Mexico | 205 | 293 | 167 | 126 | 43.0% | 70.8 | 31.6 |
| New York | 4,560 | 5,712 | 3,128 | 2,584 | 50.9% | 72.1 | 27.6 |
| North Carolina | 887 | 1,204 | 857 | 347 | 60.6% | 75.5 | 28.3 |
| North Dakota | 111 | 145 | 88 | 57 | 55.2% | 73.4 | 27.7 |
| Ohio | 1,148 | 1,416 | 703 | 713 | 52.7% | 73.1 | 28.6 |
| Oklahoma | 260 | 338 | 186 | 152 | 45.3% | 69.1 | 31.8 |
| Oregon | 299 | 380 | 214 | 166 | 56.6% | 73.8 | 31.0 |
| Pennsylvania | 1,380 | 1,729 | 901 | 828 | 51.8% | 73.0 | 27.5 |
| Puerto Rico | 363 | 447 | 233 | 214 | 34.2% | 65.5 | 27.8 |
| Rhode Island | 58 | 75 | 53 | 22 | 50.7% | 71.8 | 26.6 |
| South Carolina | 285 | 371 | 259 | 112 | 57.1% | 75.0 | 27.8 |
| South Dakota | 67 | 80 | 41 | 39 | 52.5% | 73.8 | 28.7 |
| Tennessee | 780 | 1,028 | 647 | 381 | 54.4% | 73.1 | 28.3 |
| Texas | 2,796 | 3,929 | 2,539 | 1,390 | 57.8% | 74.2 | 28.8 |
| Utah | 220 | 268 | 183 | 85 | 61.9% | 76.1 | 31.1 |
| Vermont | 209 | 325 | 169 | 156 | 45.2% | 70.7 | 28.3 |
| Virginia | 1,507 | 1,917 | 1,081 | 836 | 50.8% | 72.6 | 29.9 |
| Washington | 1,223 | 1,664 | 1,070 | 594 | 53.6% | 72.7 | 31.3 |
| West Virginia | 102 | 122 | 55 | 67 | 36.9% | 67.9 | 29.8 |
| Wisconsin | 614 | 815 | 567 | 248 | 63.8% | 76.9 | 27.3 |
| Wyoming | 33 | 41 | 20 | 21 | 39.0% | 69.9 | 28.1 |



CPA Exam Performance Summary: 2014 Q-2

California

Overall Performance

| | |
|---------------------|-------|
| Unique Candidates | 5,624 |
| New Candidates | 1,611 |
| Total Sections | 7,278 |
| Passing 4th Section | 695 |
| Sections/Candidate | 1.29 |
| Pass Rate | 45.2% |
| Average Score | 70.2 |

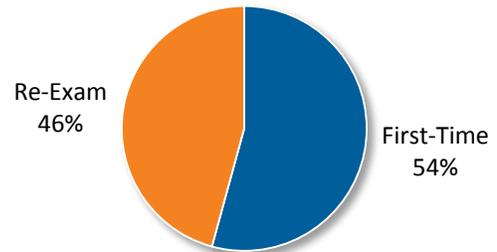
Section Performance

| | Sections | Score | % Pass |
|------------|----------|-------|--------|
| First-Time | 3,948 | 70.3 | 49.6% |
| Re-Exam | 3,330 | 70.1 | 39.9% |
| AUD | 1,948 | 70.7 | 43.3% |
| BEC | 1,754 | 72.8 | 51.8% |
| FAR | 1,769 | 67.4 | 40.9% |
| REG | 1,807 | 69.8 | 44.9% |

Jurisdiction Rankings (1 to 53)

| | | | |
|------------|----|-----------|----|
| Candidates | 1 | Sections | 1 |
| Pass Rate | 39 | Avg Score | 43 |

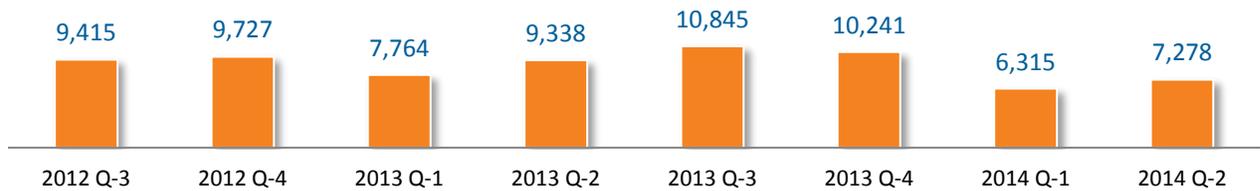
Exam Type by Percent



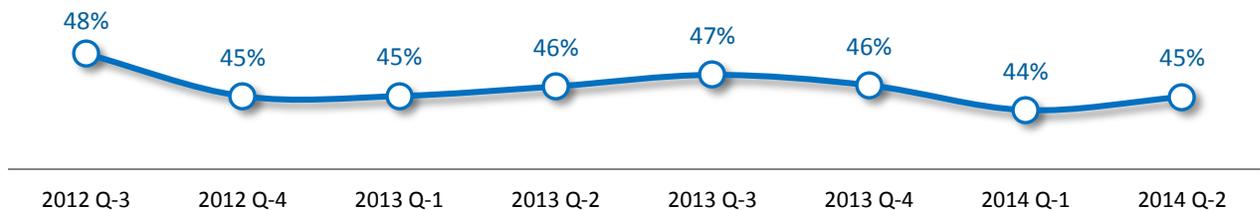
Candidates



Sections

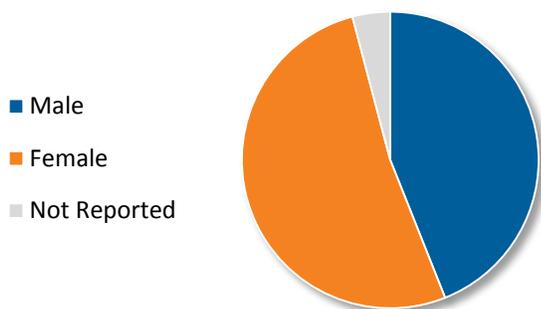


% Pass



CPA Exam Performance Summary: 2014 Q-2

Demographics



| | | |
|-------------------|-------|-------|
| Male Candidates | 2,473 | 44.0% |
| Female Candidates | 2,920 | 51.9% |
| Not Reported | 231 | 4.1% |

Average Age **30.4**

Age Rank **36**

Residency

Candidate Count

| | |
|----------------------|-------|
| In-State Address | 4,670 |
| Out-of-State Address | 697 |
| Foreign Address | 257 |

% of Candidates

| | |
|----------------------|-------|
| In-State Address | 83.0% |
| Out-of-State Address | 12.4% |
| Foreign Address | 4.6% |

Degree Type

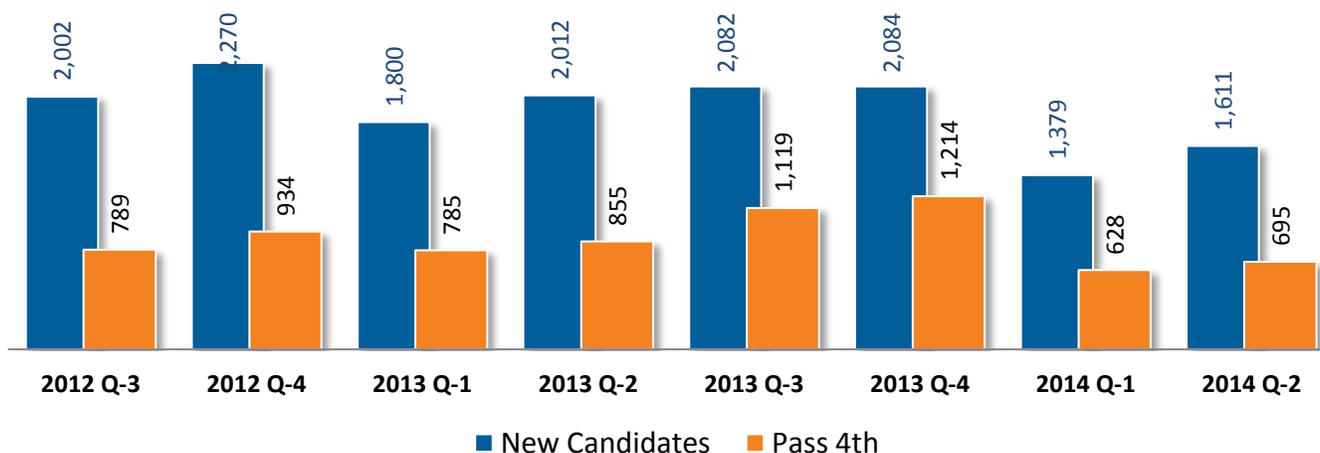
Candidate Count

| | |
|-------------------|-------|
| Bachelor's Degree | 4,174 |
| Advanced Degree | 1,061 |
| Enrolled/Other | 389 |

% of Candidates

| | |
|-------------------|-------|
| Bachelor's Degree | 74.2% |
| Advanced Degree | 18.9% |
| Enrolled/Other | 6.9% |

New Candidates vs Candidates Passing 4th Section



Notes about the Data

- The data used to develop this report was pulled from NASBA's Gateway System, which houses the Uniform CPA Examination's Application and Performance information for all 55 Jurisdictions.
- The demographic data related to Age, Gender and Degree Type is provided by the individual candidates and may not be 100% accurate.

California

California Board of Accountancy Enforcement Activity Report

Report as of June 30, 2014

Complaints

| 1.1 – Complaints/Records of Convictions | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-----------------------|-----------------------|-----------------------|
| Received | 1,911 | 3,271 | 3,255 |
| <i>Internal – Peer Review (Failure to Respond)</i> | <i>872</i> | <i>1,800</i> | <i>1,481</i> |
| <i>Internal – Peer Review (Other)*</i> | <i>58</i> | <i>508</i> | <i>411</i> |
| <i>Internal – All Other</i> | <i>503</i> | <i>510</i> | <i>969</i> |
| <i>External</i> | <i>478</i> | <i>453</i> | <i>394</i> |
| Assigned for Investigation | 1,626 | 2,951 | 2,969 |
| Closed – No Action | 294 | 329 | 289 |
| Average Days from Intake to Closure or Assignment for Investigation | 4 | 3 | 4 |
| Pending | 12 | 3 | 0 |
| Average Age of Pending Complaints (days) | 16 | 3 | 0 |

* 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.

Comments

- The rate of complaints Assigned for Investigation is consistent with the rate for the previous fiscal year, approximately 90 percent.
- The number of peer review complaints received decreased by 416 from the prior fiscal year.
- The number of internal non-peer review complaints received increased by 459 from the previous fiscal year.
- The average days to close or assign a complaint is consistent with the previous two fiscal years.

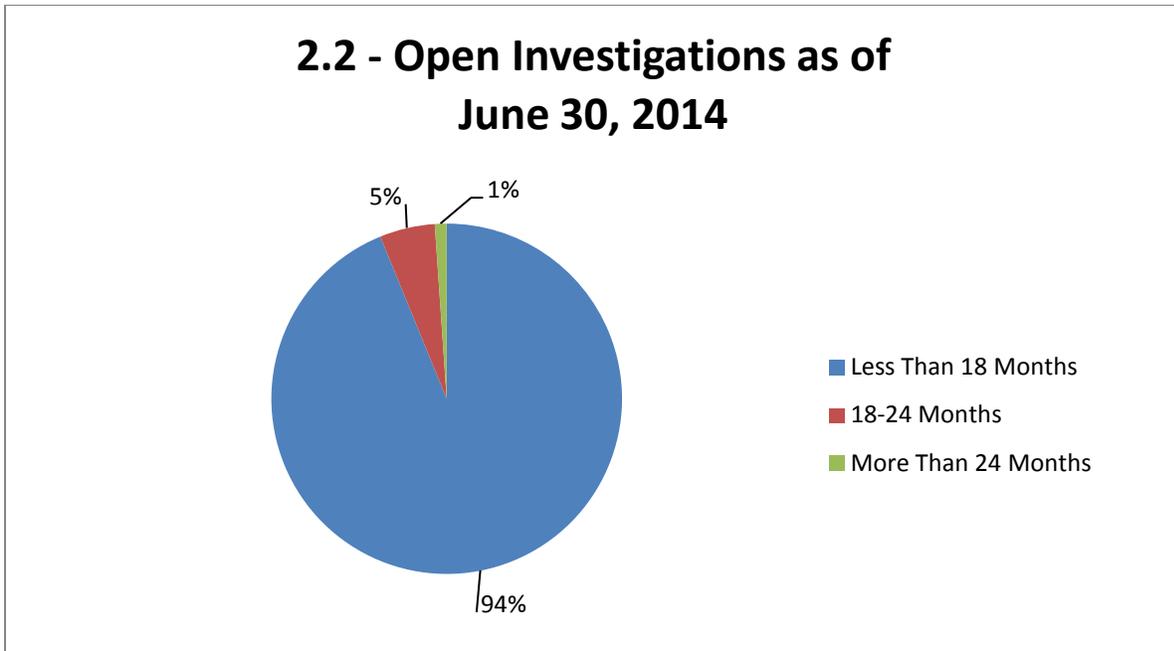
- **Investigations**

| 2.1 – Investigations | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|--|-----------------------|-----------------------|-----------------------|
| Assigned | 1,626 | 2,951 | 2,969 |
| <i>Internal – Peer Review (Failure to Respond)</i> | 872 | 1,794 | 1,481 |
| <i>Internal – Peer Review (Other)</i> | 58 | 437 | 407 |
| <i>Internal – All Other</i> | 335 | 361 | 740 |
| <i>External</i> | 361 | 359 | 341 |
| Closed | 1,525 | 2,872 | 2,669 |
| Average Days to Close | 85 | 73 | 74 |
| Investigations Pending | 439 | 518 | 825 |
| <i>< 18 Months</i> | 384 | 500 | 774 |
| <i>18-24 Months</i> | 26 | 17 | 42 |
| <i>> 24 Months</i> | 29 | 1 | 9 |
| Average Age of Open Cases (days) | 248 | 166 | 202 |
| Median Age of Open Cases (days) | 164 | 104 | 153 |

Comments

- The Average Days to Close an investigation is consistent with the previous fiscal year.
- The number of Investigations Pending increased from 518 to 825, an increase of 307 or 59 percent. Enforcement management continues to closely monitor this workload.
- Nine cases have been opened for more than 24 months. This is a decrease of one case 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.
 - Two investigations have been referred to an expert consultant to review and preparation of an expert opinion.
 - Two investigations are pending an Investigative Hearing at the July 10, 2014 EAC meeting.
 - Two investigations are being reviewed by EAC members at the July 10, 2014 EAC meeting.
- The age of the open investigations are slightly higher than the previous year, but lower than fiscal year 2011/12.

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 has been open for more than 24 months.



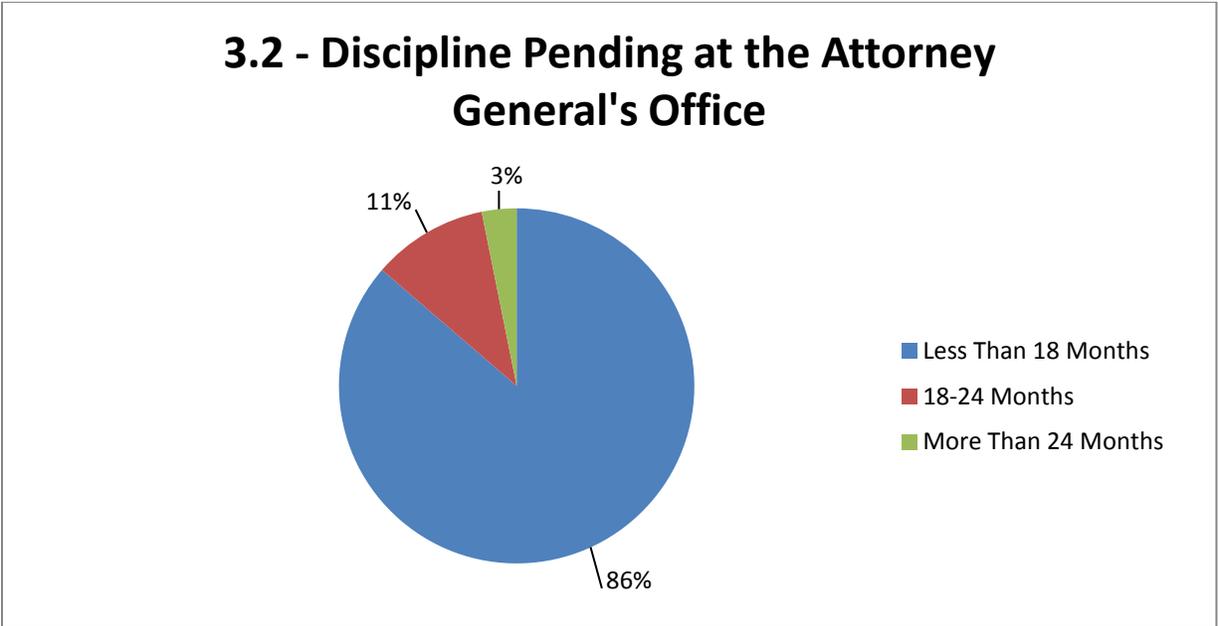
Discipline

| 3.1 - AG Referrals | FY 2011/12 | FY 2012/13 | FY 2013/14 |
|---|---------------|---------------|---------------|
| Referrals | 50 | 62 | 74 |
| Accusations Filed | 37 | 50 | 34 |
| Statements of Issues Filed | 2 | 3 | 8 |
| Petitions for Revocation of Probation Filed | 3 | 3 | 2 |
| Closed | 26 | 58 | 31 |
| <i>Via Stipulated Settlement</i> | 19 | 39 | 21 |
| <i>Via Proposed Decision</i> | 3 | 5 | 4 |
| <i>Via Default Decision</i> | 4 | 14 | 6 |
| Discipline Pending | 54 | 57 | 95 |
| <i>< 18 Months</i> | 44 | 52 | 82 |
| <i>18-24 Months</i> | 3 | 2 | 10 |
| <i>> 24 Months</i> | 7 | 3 | 3 |

Comments

- The number of referrals to the AG increased to 74, the highest in the past three years.
- The CBA adopted 31 disciplinary matters in fiscal year 2013/14.
- The number of investigations pending at the AG increased to 95, the highest in the past three years.
- There are three cases that have been at the AG's Office for more than 24 months:
 - A writ was filed with the California Superior Court in August 2012 following adoption of a proposed decision and denial of a Petition for Reconsideration in July 2012. A Superior Court hearing was held in June 2013. 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 tentative decision is currently pending.
 - An administrative hearing was scheduled for July 2014. However, the matter was resolved and the stipulated settlement will be considered at the July 24, 2014 CBA meeting.
 - An administrative hearing is scheduled for September 2014.

Chart 3.2 illustrates the number of cases pending at the AG's Office by percentage. Approximately 86 percent of all CBA cases at the AG's Office have been open less than 18 months, 11 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 | 1,522 |
| Total Fines Assessed | \$255,350 | \$532,400 | \$399,020 |
| <i>Peer Review (Failure to Respond)</i> | 872 | 1,800 | 1481 |
| <i>Peer Review Fines Assessed</i> | \$217,850 | \$450,000 | \$370,250 |
| <i>Other Citations</i> | 36 | 83 | 41 |
| <i>Other Fines Assessed</i> | \$37,500 | \$82,400 | \$28,770 |
| <i>Other Fines Average</i> | \$1,042 | \$993 | \$702 |
| Average number of days from receipt of a complaint to issuance of a citation | 22 | 67 | 33 |
| 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

- Citations issued and fines assessed are lower than the previous fiscal year by 361 and \$133,380, respectively. Most of the decrease was caused by the reduction of peer review citations and fines of 319 and \$79,750, respectively.
- There were 11 Other Citations issued since the previous report, with fines totaling \$5,120.
- The Other Fines Average amount of \$702 decreased by \$291 from the previous fiscal year of \$993. The fine amount assessed 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 number of days to issue citations is lower than the previous fiscal year.
- All Peer Review Citations (Failure to Respond to CBA Peer Review inquiries) were issued a fine of \$250. Thus, the average Peer Review Fines assessed is \$250, which is consistent with the previous fiscal year.

Probation Monitoring

Upon completion of the disciplinary process, matters are 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 conducted three practice investigations in May 2014. There are 72 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 | 2,143 | 3,912 | 14,255 | 20,310 | 642 |
| | | 6,959 | 12,227 | 43,211 | 62,397 | 642 |

Comments

- The above data represents the results and status of the initial three-year phase-in period associated with Peer Review. A total of 23 licensees reported their peer review information to the CBA since the last report.

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 | 15 |
| Cessation Event Forms Received | 0 |
| SEC Discipline Identified | 37 |
| PCAOB Discipline Identified | 11 |
| Out-of-State Accounting Firm Registrants That Reported Other Discipline | 10 |
| Complaints against Practice Privilege Holders | 2 |

Comments

- Of the 15 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 or the Public Company Accounting Oversight Board to inform them that they must seek CBA authorization prior to practicing in California.

Division Highlights and Future Considerations

- Enforcement management hired five limited term Enforcement Investigative Analysts for the newly established Criminal Offender Record Information (CORI) unit in the Enforcement Unit.



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CBA Item VIII.A.

July 24, 2014

Discussion and Possible Action to Issue a Notice of Decision Not to Proceed with Rulemakings Regarding Section 98 – Disciplinary Guidelines and Model Orders and Section 19 – Practice Privilege Notification of Pending Criminal Charges Form

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: June 18, 2014

Purpose of the Item

The purpose of this agenda item is to aid the California Board of Accountancy (CBA) in its discussion to not proceed with the proposed regulatory changes to its Disciplinary Guidelines and Model Orders (Disciplinary Guidelines), and to not proceed with its regulation to incorporate by reference the Practice Privilege Notification of Pending Criminal Charges form.

Action(s) Needed

The CBA will be asked to issue a Notice of Decision Not to Proceed for these rulemakings.

Background

At its May 2014 meeting, the CBA held a regulatory hearing to discuss adopting the proposed regulation for section 98 of Title 16 of the California Code of Regulations (CCR) to update the Disciplinary Guidelines, and to adopt a proposed regulation to incorporate by reference its Practice Privilege Notification of Pending Criminal Charges form in section 19 of Title 16 of the CCR. The CBA received no public comment, and voted to adopt both regulatory proposals. However, following the hearing, staff discovered a processing error in the notification process for both regulatory proposals. As a result, the proposed regulations must be withdrawn and resubmitted to the Office of Administrative Law (OAL) with a new 45-day notice.

Comments

Government Code section 11346.4 requires state agencies to mail the notice of regulatory action to every person who has filed a request with the state agency. Following the May 2014 CBA meeting, staff discovered that this portion of the regulatory process was not completed. As a result, the regulatory proposals need to be withdrawn and resubmitted with a new 45-day notice. Attached are the proposed Notices of Decision Not to Proceed (**Attachment 1** and **Attachment 2**). The CBA will then be asked to reinitiate both rulemaking processes under **CBA Agenda Item VIII.B.**

Discussion and Possible Action to Issue a Notice of Decision Not to Proceed with Rulemakings Regarding Section 98-Disciplinary Guidelines and Model Orders and Section 19- Practice Privilege Notification of Pending Criminal Charges Form
Page 2 of 2

Fiscal/Economic Impact Considerations

None

Recommendation

Staff recommend the CBA adopt a motion to rescind its prior motion directing staff to take all steps necessary to complete the rulemaking process to amend section 98 of Title 16 of the CCR and the Disciplinary Guidelines.

Additionally, staff recommend that the CBA adopt a motion to rescind its prior motion directing staff to take all steps necessary to complete the rulemaking process to incorporate by reference its Practice Privilege Notification of Pending Criminal Charges form in section 19 of Title 16 of the CCR.

Further, staff recommend that the CBA direct staff to file corresponding Notices of Decision Not to Proceed with OAL.

Attachments

1. Notice of Decision Not to Proceed – Section 98
2. Notice of Decision Not to Proceed – Section 19



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Attachment 1

California Board of Accountancy

NOTICE OF DECISION NOT TO PROCEED DISCIPLINARY GUIDELINES AND MODEL ORDERS

By notice dated March 21, 2014, and published in the California Regulatory Notice Register 2014, No. 12-Z, the California Board of Accountancy announced it would conduct a public hearing to consider proposed amendments to section 98 of Title 16 of the California Code of Regulations.

PLEASE BE ADVISED, following the noticed hearing, the proposed rulemaking action has been withdrawn. Pursuant to Government Code section 11347, publication of this Notice of Decision Not to Proceed hereby terminates the rulemaking action originally noticed on March 21, 2014, in the California Regulatory Notice Register.

For additional information, contact:

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Attachment 2

California Board of Accountancy

NOTICE OF DECISION NOT TO PROCEED PRACTICE PRIVILEGE OF NOTIFICATION OF PENDING CRIMINAL CHARGES FORM

By notice dated April 11, 2014, and published in the California Regulatory Notice Register 2014, No. 15-Z, the California Board of Accountancy announced it would conduct a public hearing to consider proposed amendments to section 19 of Title 16 of the California Code of Regulations.

PLEASE BE ADVISED, following the noticed hearing, the proposed rulemaking action has been withdrawn. Pursuant to Government Code section 11347, publication of this Notice of Decision Not to Proceed hereby terminates the rulemaking action originally noticed on April 11, 2014, in the California Regulatory Notice Register.

For additional information, contact:

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CBA Item VIII.B.

July 24, 2014

Discussion and Possible Action to Initiate Rulemaking Regarding CBA Regulations Section 98 – Disciplinary Guidelines and Model Orders and Section 19 – Practice Privilege Notification of Pending Criminal Charges Form

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: June 18, 2014

Purpose of the Item

The purpose of this agenda item is to aid the California Board of Accountancy (CBA) in its discussion to initiate the rulemaking process to update the Disciplinary Guidelines and Model Orders (Disciplinary Guidelines), and to initiate the rulemaking process to incorporate by reference the Practice Privilege Notification of Pending Criminal Charges form in section 19 of Title 16 of the California Code of Regulations (CCR).

Action(s) Needed

The CBA will be asked to review proposed regulatory language and initiate a rulemaking to amend the Disciplinary Guidelines and to initiate a rulemaking to incorporate by reference the CBA's Practice Privilege Notification of Pending Criminal Charges form in section 19 of Title 16 of the CCR.

Background

At its May 2014 meeting, the CBA held a regulatory hearing to discuss adopting the proposed regulation to update the Disciplinary Guidelines, and to adopt the proposed regulation to incorporate by reference the Practice Privilege Notification of Pending Criminal Charges form. The CBA received no public comment, and voted to adopt the regulatory proposals. However, due to a processing error in the notification process for both proposed regulations, the proposals must be resubmitted to the Office of Administrative Law in order to proceed with a new 45-day notice.

Comments

The proposed changes to the Disciplinary Guidelines (**Attachment 1**) 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. This proposal incorporates the changes requested by the CBA at its May 2014 meeting.

The proposed amendment to section 19 of Title 16 of the CCR would incorporate by reference a Practice Privilege Notification of Pending Criminal Charges form (**Attachment 2**). This form collects information on individuals holding a practice

Discussion and Possible Action to Initiate Rulemaking Regarding CBA Regulations Section 98 – Disciplinary Guidelines and Model Orders and Section 19 – Practice Privilege Notification of Pending Criminal Charges Form
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privilege who have pending criminal charges. Additionally, the proposed form would provide practice privilege holders a clear direction on how to report to the CBA and what information needs to be included. This proposal incorporates the changes requested by the CBA at its May 2014 meeting.

Fiscal/Economic Impact Considerations

There is minimal but absorbable fiscal and economic impact to update the Disciplinary Guidelines.

CBA staff estimate that the Practice Privilege Notification of Pending Criminal Charges form would save approximately 15 to 20 hours annually of staff time to process the forms.

Staff estimate a minor economic cost as a result of time needed to complete the form and the cost of postage to mail the form.

Recommendation

Staff recommend that the CBA adopt a motion to direct staff to take all steps necessary to initiate the formal rulemaking to amend CCR, Title 16, section 98 and the Disciplinary Guidelines 9th edition, which are incorporated by reference, and authorize the Executive Officer to make any non-substantive changes to the rulemaking package. If no adverse comments are received during the 45-day comment period and no hearing is requested, authorize the Executive Officer to adopt the proposed regulation at CCR, Title 16, section 98 as filed with the Office of Administrative Law.

Staff recommend that the CBA adopt a motion to direct staff to take all steps necessary to initiate the formal rulemaking to amend CCR, Title 16, section 19 and incorporate by reference the Practice Privilege Notification of Pending Criminal Charges form, and authorize the Executive Officer to make any non-substantive changes to the rulemaking package. If no adverse comments are received during the 45-day comment period and no hearing is requested, authorize the Executive Officer to adopt the proposed regulation at CCR, Title 16, section 19 as filed with the Office of Administrative Law.

Attachments

1. Proposed Regulatory Language, Section 98 and Disciplinary Guidelines and Model Orders 9th Edition, 2013
2. Proposed Regulatory Language, Section 19 and Practice Privilege Notification of Pending Criminal Charges Form

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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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~~ BPC sections 5000 et seq., and Title 16 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
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;₂
3. The time that has elapsed since commission of the act(s) or offense(s) referred to in subdivision (1) or (2);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;₂
5. If applicable, evidence of expungement proceedings pursuant to ~~Section~~section 1203.4 of the Penal Code;₂
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 [2536]

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 [~~4~~5]
3. Probation Monitoring Costs [27]
~~3.4~~4. Restricted Practice [~~47~~28]
~~4.5~~5. Ethics Continuing Education [~~20~~31]
~~5.6~~6. Regulatory Review Course [~~24~~32]
~~6.7~~7. Continuing Education Courses [2536]
~~7.8~~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 [2536]

Maximum Penalty - Revocation [~~4-21~~,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 [~~4~~5]
3. Restitution [~~46~~26]

- 4. Probation Monitoring Costs [27]
- 4.5. Restricted Practice [1728]
- 5.6. Engagement Letters [1829]
- 6.7. Ethics Continuing Education [2031]
- 7.8. Regulatory Review Course [2132]
- 8.9. Continuing Education Courses [2536]
- 9.10. Community Service – Free Services [2940]
- 10.11. Administrative Penalty not to exceed maximum set forth in Section-section 5116 [3243]
- 11.12. Conditions as appropriate relating to physical or mental disability or condition [31-3644-49]

(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 [2536]

Maximum Penalty - Revocation [4-21,2]

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 [1728]
 - 3.4. Ethics Continuing Education [2031]
 - 4.5. Regulatory Review Course [2132]
 - 5.6. Continuing Education Courses [2536]
 - 6.7. Active License Status [2637]
 - 7.8. Administrative Penalty not to exceed maximum set forth in Section-section 5116 [3243]

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 [2536]

Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], 3 years probation
2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
2.3. Restricted Practice [1728]
3.4. Ethics Continuing Education [2031]
4.5. Regulatory Review Course [2132]
5.6. Continuing Education Courses [2536]
6.7. Active License Status [2637]
7.8. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

Section 5058 **USE OF CONFUSING TITLES OR DESIGNATIONS PROHIBITED**

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
2.3. Restricted Practice [1728]
3.4. Ethics Continuing Education [2031]

- 4.5. Regulatory Review Course [2132]
- 5.6. Continuing Education Courses [2536]
- 6.7. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 2)

Section 5058.1 TITLES IN CONJUNCTION WITH CERTIFIED PUBLIC ACCOUNTANT OR PUBLIC ACCOUNTANT

Minimum Penalty - Continuing Education Courses [2536]
 Maximum Penalty - Revocation stayed with actual suspension [1-4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-4415-24]

- If warranted:
- 1. Suspension [3] with/without stay [4]
 - 2. Probation Monitoring Costs [27]
 - 2.3. Restricted Practice [1728]
 - 3.4. Ethics Continuing Education [2031]
 - 4.5. Regulatory Review Course [2132]
 - 5.6. Continuing Education Courses [2536]
 - 6.7. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

Section 5058.2 INACTIVE DESIGNATION

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
 Maximum Penalty - Revocation stayed, 3 years probation [1-2,41,2,4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-4415-24]

- If warranted:
- 1. Probation Monitoring Costs [27]
 - 2. Continuing Education Courses [36]
 - 4.3. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [4728]
 - ~~3-4.~~ Ethics Continuing Education [2031]
 - ~~4-5.~~ Regulatory Review Course [2132]
 - ~~5-6.~~ Continuing Education Courses [2536]
 - ~~6-7.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 5072)

Section 5061 COMMISSIONS

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [~~4-21,2~~]

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 [~~46~~26]
 4. Probation Monitoring [27]
 - ~~4-5.~~ Restricted Practice [4728]
 - ~~5-6.~~ Engagement Letters [4829]
 - ~~6-7.~~ Ethics Continuing Education [2031]
 - ~~7-8.~~ Regulatory Review Course [2132]
 - ~~8-9.~~ Continuing Education Courses [2536]
 - ~~9-10.~~ Community Service – Free Services [2940]
 - ~~10-11.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

Section 5062 REPORT CONFORMING TO PROFESSIONAL STANDARDS

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-4415-24]
 3. Continuing Education Courses [2536]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [4525]
 3. Restitution [4626]
 4. Probation Monitoring Costs [27]
 - 4.5. Restricted Practice [4728]
 - 5.6. Engagement Letters [4829]
 - 6.7. Ethics Continuing Education [2031]
 - 7.8. Regulatory Review Course [2132]
 - 8.9. Peer Review [2233]
 - 9.10. CPA Exam [2334]
 - 10.11. Samples – Audits, Review or Compilation [2738]
 - 11.12. Community Service – Free Services [2940]
 - 12.13. Notice to Clients [3142]
 - 13.14. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(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 [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Probation Monitoring Costs [27]
 - 4.2. Ethics Continuing Education [2031]
 - 2.3. Regulatory Review Course [2132]
 - 3.4. Community Service – Free Services [2940]
 - 4.5. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

Section 5063 REPORTABLE EVENTS

Minimum Penalty - ~~Correction of Violation and/or Continuing Education Courses [2536]~~
Maximum Penalty - Revocation [~~1-21,2~~]

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 [1728]
~~4.5.~~Ethics Continuing Education [2031]
~~5.6.~~Regulatory Review Course [2132]
~~6.7.~~Continuing Education Courses [2536]
~~7.8.~~Samples – Audit, Review or Compilation [2738]
~~8.9.~~Prohibition from Handling Funds [2839]
~~9.10.~~Community Service – Free Services [2940]
~~10.11.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]
~~11.12.~~Conditions as appropriate relating to physical or mental disability or
condition [31-3644-49]

(Reference Sections 59, 60, 61)

Section 5063.3 CONFIDENTIAL INFORMATION DISCLOSURE

Minimum Penalty - Continuing Education Courses [2536]
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 [2031]
~~4.6.~~Regulatory Review Course [2132]
~~5.7.~~Continuing Education Courses [2536]
8. Samples – Audit, Review or Compilation [38]
9. Probation from Handling Funds [39]
10. Community Service - Free Services [40]
~~6.11.~~Notice to Clients [3442]
~~7.12.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

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 [2536]

Maximum Penalty - Revocation of partnership/individual licenses [~~4-21,2~~]

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 [4728]
~~3.4.~~ Ethics Continuing Education [2031]
~~4.5.~~ Regulatory Review Course [2132]
~~5.6.~~ Continuing Education Courses [2536]
~~6.7.~~ Administrative Penalty not to exceed maximum set forth in
~~Section~~ section 5116 [3243]

(See also section on **Unlicensed Activities.**)

**Section 5073(d) PARTNERSHIP APPLICATIONS
(ADMISSION OR WITHDRAWAL OF PARTNER)**

Minimum Penalty - Continuing Education Courses for Licensee Partners [2536]

Maximum Penalty - Revocation [4-21,2]

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 [2031]
~~2.3.~~ Regulatory Review Course [2132]
~~3.4.~~ Administrative Penalty not to exceed maximum set forth in
~~Section~~ section 5116 [3243]

Section 5076(a) PEER REVIEW

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]

Maximum Penalty - Revocation [4-21,2]

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 [2031]
 - ~~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 [2738]
 - ~~8.10.~~ Notification to Clients/Cessation of Practice [~~34~~42]
 - ~~9.11.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(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 [4-21,2]

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 [2031]
 - ~~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 [2738]
 - ~~9.10.~~ Notification to Clients/Cessation of Practice [~~34~~42]
 - ~~10.11.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(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 [2536] 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 [4-21,2]

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 [~~4~~5]
3. Probation Monitoring Costs [27]
~~3.4~~4.Restricted Practice [~~4~~728]
~~4.5~~5.Ethics Continuing Education [~~2~~031]
~~5.6~~6.Regulatory Review Course [~~2~~132]
~~6.7~~7.Continuing Education Courses [~~2~~536]
~~7.8~~8.Administrative Penalty not to exceed maximum set forth in Section
section 5116 [~~3~~243]

Section 5079(a)(b)(d) NONLICENSEE OWNERSHIP OF FIRMS

Minimum Penalty - Continuing Education Courses [~~2~~536] 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~~3.Restricted Practice [~~4~~728]
~~3.4~~4.Ethics Continuing Education [~~2~~031]
~~4.5~~5.Regulatory Review Course [~~2~~132]
~~5.6~~6.Administrative Penalty not to exceed maximum set forth in
Section section 5116 [~~3~~243]

(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 [4-21,2]

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 [1728]
~~3.4.~~ Ethics Continuing Education [2031]
~~4.5.~~ Regulatory Review Course [2132]
~~5.6.~~ CPA Exam [2334]
~~6.7.~~ Continuing Education Courses [2536]
~~7.8.~~ Active License Status [2636]
~~8.9.~~ Notification to Clients/Cessation of Practice [3142]
~~9.10.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

ARTICLE 5.1: Practice Privilege

Section 5096(d) PRACTICING THROUGH AN UNREGISTERED FIRM

Minimum Penalty: Revocation stayed [~~4-2,1,2,4~~] 3 years probation

Maximum Penalty: Revoke Practice Privilege [~~4-21,2~~]

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 [~~4-21,2~~]

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]
~~4.2.~~ 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 [~~4-21,2~~]

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]
~~4.2.~~ Ethics Continuing Education [~~21~~31]

- ~~2.3~~ Regulatory Review Course [2132]
- ~~3.4~~ Administrative Penalty not to exceed maximum set forth in section 5116 [3243]

Section 5096(e)(5) COOPERATE WITH BOARD

Minimum Penalty: One year suspension [3]
Maximum Penalty: Revoke Practice Privilege [4-21,2]

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 [2031]
 - ~~2.3~~ Regulatory Review Course [2132]
 - ~~3.4~~ Administrative Penalty not to exceed maximum set forth in section 5116 [3243]

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 [4-21,2]

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 [2132]
 3. Administrative Penalty not to exceed maximum set forth in section 5116 [3243]

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 [4-21,2]

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 [3243]

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 [4-21,2]

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 [3243]

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 [~~4-21,2~~, 4] 3 years probation

Maximum Penalty: Revoke Practice Privilege [~~4-21,2~~]

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 [~~4-21,2,4~~] 3 years probation

Maximum Penalty: Revoke Practice Privilege [~~4-21,2~~]

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 [~~4-21,2~~]

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 [1525]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Restricted Practice [1728]
 - ~~4.5.~~ Library Reference Material [1930]
 - ~~5.6.~~ Ethics Continuing Education [2031]
 - ~~6.7.~~ Regulatory Review Course [2132]
 - ~~7.8.~~ Peer Review [2233]
 - ~~8.9.~~ CPA Exam [2334]
 - ~~9.10.~~ Continuing Education Courses [2536]
 - ~~10.11.~~ Samples - Audits, Review or Compilation [2738]
 - ~~11.12.~~ Community Service – Free Services [2940]
 - ~~12.13.~~ Notice to Clients [3142]
 - ~~13.14.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]
- (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 [2536]
Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Standard Conditions of Probation [5-1415-24]

- 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 [3243]

**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 [1-21,2]

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 [4525]
 2. Restitution [4626]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Restricted Practice [4728]
 - ~~4.5.~~ Engagement Letters [4829]
 - ~~5.6.~~ Ethics Continuing Education [2031]
 - ~~6.7.~~ Regulatory Review Course [2432]
 - ~~7.8.~~ CPA Exam [23] or Enrolled Agents Exam [2435]
 - ~~8.9.~~ Continuing Education Courses [2536]
 - ~~9.10.~~ Samples - Audit, Compilation or Review [2738]
 - ~~10.11.~~ Prohibition from Handling Funds [2839]
 - ~~11.12.~~ Community Service – Free Services [2940]
 - ~~12.13.~~ Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [3243]
 - ~~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 [2031]
 - ~~2.3.~~ Regulatory Review Course [2432]
 - ~~3.4.~~ Continuing Education Courses [2536]
 - ~~4.5.~~ Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [3243]

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 [4-2,1,2,4], 3 years probation

Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Supervised Practice [4525]
2. Restitution [4626]
3. Probation Monitoring Costs [27]
~~3.4.~~ Restricted Practice [4728]
4.5. Ethics Continuing Education [2031]
~~5.6.~~ Regulatory Review Course [2132]
~~6.7.~~ Peer Review [2233]
~~7.8.~~ CPA Exam [2334]
8.9. Continuing Education Courses [2536]
~~9.10.~~ Samples - Audit, Review or Compilation [2738]
~~10.11.~~ Prohibition from Handling Funds [2839]
~~11.12.~~ Community Service – Free Services [2940]
~~12.13.~~ Notification to Clients [3142]
~~13.14.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]
14.15. Conditions as appropriate relating to physical or mental disability or condition [31-3644-49]

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 [4-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [4], probation of 3 to 5 years
2. Standard Conditions of Probation [5-1415-24]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [4525]
3. Restitution [4626]
4. Probation Monitoring Costs [27]
- 4.5. Restricted Practice [4728]
- 5.6. Ethics Continuing Education [2031]
- 6.7. Regulatory Review Course [2132]
- 7.8. CPA Exam [2334] or Enrolled Agents Exam [2435]

- 8.9. Continuing Education Courses [2536]
- 9.10. Samples - Audit, Review or Compilation [2738]
- 40.11. Prohibition from Handling Funds [2839]
- 44.12. Community Service – Free Services [2940]
- 42.13. Notice to Clients [3442]
- 43.14. Conditions as appropriate relating to physical or mental disability or condition [31-3644-49]

Section 5100(e) VIOLATION OF PROVISIONS OF SECTION 5097

Minimum Penalty - Continuing Education Courses [2536]
 Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]
 3. Continuing Education Courses [2536]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [4525]
 3. Probation Monitoring Costs [27]
 - 3.4. Restricted Practice [4728]
 - 4.5. Library Reference Material [4930]
 - 5.6. Ethics Continuing Education [2031]
 - 6.7. Regulatory Review Course [2432]
 - 7.8. Peer Review [2233]
 - 8.9. CPA Exam [2334]
 - 9.10. Samples - Audits, Review or Compilation [2738]
 - 40.11. Community Service – Free Services [2940]
 - 44.12. Notice to Clients [3442]
 - 42.13. Administrative Penalty not to exceed maximum set forth in ~~Section~~ section 5116 [3243]

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 [~~4-2,1,2,4~~] 3 years probation

Maximum Penalty - Revocation [~~4-21,2~~]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [~~5-1415-24~~]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~1626~~]
3. Restitution [~~1626~~]
4. Probation Monitoring Costs [27]
- ~~4.5~~ Restricted Practice [4728]
- ~~5.6~~ Ethics Continuing Education [2031]
- ~~6.7~~ Regulatory Review Course [2432]
- ~~7.8~~ CPA Exam [2334] or Enrolled Agents Exam [2435]
- ~~8.9~~ Continuing Education Courses [2536]
- ~~9.10~~ Samples - Audit, Review or Compilation [2738]
- ~~10.11~~ Prohibition from Handling Funds [2839]
- ~~11.12~~ Community Service – Free Services [2940]
- ~~12.13~~ Notice to Clients [3142]
- ~~13.14~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]
- ~~14.15~~ Conditions as appropriate relating to physical or mental disability or condition [~~31-3644-49~~]

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 [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Suspension [3]
 3. Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Supervised Practice [4525]
 2. Restitution [4626]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Restricted Practice [4728]
 - 4.5. Ethics Continuing Education [2031]
 - ~~5.6.~~ Regulatory Review Course [2432]
 - ~~6.7.~~ CPA Exam [2334] or Enrolled Agents Exam [2435]
 - ~~7.8.~~ Continuing Education Courses [2536]
 - ~~8.9.~~ Prohibition from Handling Funds [2839]
 - ~~9.10.~~ Community Service – Free Services [2940]
 - ~~10.11.~~ Notice to Clients [3142]
 - ~~11.12.~~ Administrative Penalty not to exceed maximum set forth in ~~Section section~~ 5116 [3243]
 - ~~12.13.~~ Conditions as appropriate relating to physical or mental disability or condition [31-3644-49]

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 [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 to 5 years probation
 2. Suspension [3]
 3. Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Supervised Practice [4525]
 2. Restitution [4626]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Restricted Practice [4728]
 - 4.5. Engagement Letters [4829]
 - 5.6. Ethics Continuing Education [2031]
 - ~~6.7.~~ Regulatory Review Course [2432]
 - ~~7.8.~~ CPA Exam [23] or Enrolled Agents Exam [2435]
 - ~~8.9.~~ Continuing Education Courses [2536]

- ~~9.10.~~ Samples - Audit, Review or Compilation [~~2738~~]
- ~~10.11.~~ Community Service – Free Services [~~2940~~]
- ~~11.12.~~ Notice to Clients [~~3142~~]
- ~~12.13.~~ Administrative Penalty not to exceed maximum set forth in
Section section 5116 [~~3243~~]
- ~~13.14.~~ Conditions as appropriate relating to physical or mental disability or
condition [~~31-3644-49~~]

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 [4-21,2]

CONDITIONS OF PROBATION:

- Required:
- 1. If revocation stayed [4], probation of 3 to 5 years
 - 2. Suspension [3]
 - 3. Standard Conditions of Probation [~~5-1415-24~~]

- If warranted:
- 1. Supervised Practice [~~1525~~]
 - 2. Restitution [~~1626~~]
 - 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Restricted Practice [~~1728~~]
 - ~~4.5.~~ Ethics Continuing Education [~~2031~~]
 - ~~5.6.~~ Regulatory Review Course [~~2132~~]
 - ~~6.7.~~ CPA Exam [~~2334~~] or Enrolled Agents Exam [~~2435~~]
 - ~~7.8.~~ Continuing Education Courses [~~2536~~]
 - ~~8.9.~~ Prohibition from Handling Funds [~~2839~~]
 - ~~9.10.~~ Notice to Clients [~~3142~~]
 - ~~10.11.~~ Administrative Penalty not to exceed maximum set forth in
Section section 5116 [~~3243~~]
 - ~~11.12.~~ Conditions as appropriate relating to physical or mental disability or
condition [~~31-3644-49~~]

Section 5100(l) DISCIPLINE, PENALTY, OR SANCTION BY THE PUBLIC COMPANY ACCOUNTING OVERSIGHT BOARD OR SECURITIES AND EXCHANGE COMMISSION

Minimum Penalty - Revocation stayed [4-21,2,4], 3 years probation
Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

- Required:
- 1. If revocation stayed [4], 3 years probation
 - 2. Standard Conditions of Probation [~~5-1415-24~~]

If warranted (include those related to underlying offense(s)):

1. Suspension [3] with/without stay [4]
2. Supervised Practice [4525]
3. Restitution [4626]
4. Probation Monitoring Costs [27]
- ~~4.5.~~ Restricted Practice [4728]
- ~~5.6.~~ Ethics Continuing Education [2031]
- ~~6.7.~~ Regulatory Review Course [2432]
- ~~7.8.~~ CPA Exam [2334] or Enrolled Agents Exam [2435]
- ~~8.9.~~ Continuing Education Courses [2536]
- ~~9.10.~~ Samples - Audit, Review or Compilation [2738]
- ~~10.11.~~ Prohibition from Handling Funds [2839]
- ~~11.12.~~ Community Service – Free Services [2940]
- ~~12.13.~~ Notice to Clients [3442]
- ~~13.14.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]
- ~~14.15.~~ Conditions as appropriate relating to physical or mental disability or condition [31-3644-49]

Section 5100(m) UNLAWFULLY ENGAGING IN PRACTICE OF PUBLIC ACCOUNTANCY IN ANOTHER STATE

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

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 [4728]
 - ~~3.4.~~ Ethics Continuing Education [2031]
 - ~~4.5.~~ Regulatory Review Course [2432]
 - ~~5.6.~~ Continuing Education Courses [2536]
 - ~~6.7.~~ Active License Status [2637]
 - ~~7.8.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [4-21,2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-1415-24~~]

If warranted: 1. Suspension [3] with/without stay [4]
~~1.2. Supervised Practice [1525]~~
~~2.3. Restitution [1626]~~
4. Probation Monitoring Costs [27]
~~3.5. Restricted Practice [1728]~~
4.6. Engagement Letters [1829]
~~5.7. Administrative Penalty not to exceed maximum set forth in
Section 5116 [3243]~~

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 [~~3243~~]

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 [4-21,2] and discipline of individual licenses

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
2.3. Ethics Continuing Education [2031]
3.4. Regulatory Review Course [2432]
4.5. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [4-21,2]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-1415-24]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [27]
 - ~~2.3.~~ Ethics Continuing Education [2031]
 - ~~3.4.~~ Regulatory Review Course [2432]
 - ~~4.5.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

Section 5156 UNPROFESSIONAL CONDUCT (ACCOUNTANCY CORPORATION)

Minimum Penalty - Continuing Education Courses [2536] for licensee directors, shareholders, and/or officers of corporation

Maximum Penalty - Revocation of individual and corporate licenses [1-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If Revocation stayed [4], 3-5 years probation
 - ~~4.2.~~ Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [27]
 - ~~2.3.~~ Ethics Continuing Education [2031] for licensee directors, shareholders and/or officers
 - ~~3.4.~~ Regulatory Review Course [2432] for licensee directors, shareholders and/or officers
 - ~~4.5.~~ Community Service – Free Services [2940]
 - ~~5.6.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [10,2320,33]

Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If Revocation stayed [4], 3-5 years probation
 - ~~4.2.~~ Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Supervised Practice [4525]
 2. Restitution [4626]
 3. Probation Monitoring Cost [27]
 - ~~3.4.~~ Restricted Practice [4728]

- 4.5. Engagement Letters [~~18~~29]
- 5.6. Ethics Continuing Education [2031]
- 6.7. Regulatory Review Course [2132]
- 7.8. Administrative Penalty not to exceed maximum set forth in
Section ~~section~~ 5116 [3243]
- 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 [~~4-21,2~~]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [~~4-2,4~~], 3 years probation
 2. Standard Conditions of Probation [~~5-14~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
 ~~4.2~~ Ethics Continuing Education [2031]
 ~~2.3~~ Regulatory Review Course [2132]
 ~~3.4~~ Continuing Education Courses [2536]
 ~~4.5~~ Samples - Audit, Review or Compilation [2738]
 ~~5.6~~ Community Service – Free Services [2940]
 ~~6.7~~ Administrative Penalty not to exceed maximum set forth in
 Section section 5116 [3243]

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 [3243]

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 [2536]

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 [3243]

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 [4-21,2]

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 [1525]
- 3. Probation Monitoring Costs [27]
- ~~3.4~~. Restricted Practice [1728]
- ~~4.5~~. Ethics Continuing Education [2031]
- ~~5.6~~. Regulatory Review Course [2132]
- ~~6.7~~. Peer Review [2233]
- ~~7.8~~. Continuing Education Courses [2536]
- ~~8.9~~. Sample – Audit, Review or Compilation [2738]
- ~~9.10~~. Notification to Clients/Cessation of Practice [3442]
- ~~10.11~~. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 5076(a))

SECTION 41 FIRM RESPONSIBILITIES

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

- Required:
- 1. If revocation stayed [4], 3 years probation
 - 2. Standard Conditions of Probation [5-1415-24]

- If warranted:
- 1. Probation Monitoring Costs [27]
 - ~~1.2~~. Ethics Continuing Education [2031]
 - ~~2.3~~. Regulatory Review Course [2132]
 - ~~3.4~~. Continuing Education Courses [2536]
 - ~~4.5~~. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 5076(a))

SECTION 43 EXTENSIONS

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

- Required:
- 1. If revocation stayed [4], 3 years probation
 - 2. Standard Conditions of Probation [5-1415-24]

- If warranted:
- 1. Probation Monitoring Costs [27]
 - ~~1.2~~. Ethics Continuing Education [2031]
 - ~~2.3~~. Regulatory Review Course [2132]
 - ~~3.4~~. Continuing Education Courses [2536]
 - ~~4.5~~. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [2031]
~~5.6.~~ Regulatory Review Course [2432]
~~6.7.~~ Continuing Education Courses [2536]
~~7.8.~~ Sample – Audit, Review or Compilation [2738]
~~8.9.~~ Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]
~~9.10.~~ Conditions as appropriate relating to physical or mental disability or
condition [31-3644-49]

SECTION 45 REPORTING TO BOARD

Minimum Penalty - ~~Correction of Violation [25]~~ Continuing Education Courses [36]

Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [1-2,4], 3 years probation
2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Probation Monitoring Costs [27]
~~1.2.~~ Ethics Continuing Education [2031]
~~2.3.~~ Regulatory Review Course [2432]
~~3.4.~~ Continuing Education Courses [2536]
~~4.5.~~ Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

(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 [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [1-2,4], 3 years probation
2. Standard Conditions of Probation [5-1415-24]

- If warranted:
1. Probation Monitoring Costs [27]
 - 1.2. Ethics Continuing Education [2031]
 - 2.3. Regulatory Review Course [2432]
 - 3.4. Continuing Education Courses [2536]
 - 4.5. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(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 [~~1-21,2~~]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [~~1-2,4~~], 3 years probation
 2. Standard Conditions of Probation [~~5-1415-24~~]

- If warranted:
1. Probation Monitoring Costs [27]
 - 1.2. Ethics Continuing Education [2031]
 - 2.3. Regulatory Review Course [2432]
 - 3.4. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [~~5-1415-24~~]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [27]
 - 2.3. Ethics Continuing Education [2031]
 - 3.4. Regulatory Review Course [2432]
 - 4.5. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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]

- If warranted:
1. ~~Suspension [3]~~ Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~ Ethics Continuing Education [2031]
 - ~~4.5.~~ Regulatory Review Course [2132]
 - ~~5.6.~~ Continuing Education Courses [2536]
 - ~~6.7.~~ Notice to Clients [3142]
 - ~~7.8.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]
- (Reference Section 5037)

SECTION 54.2 RECIPIENTS OF CONFIDENTIAL INFORMATION

Minimum Penalty - Continuing Education Courses [2536]
 Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed, [1-2, 4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

- If warranted:
1. Supervised Practice [1525]
 2. Probation Monitoring Costs [27]
 - ~~2.3.~~ Ethics Continuing Education [2031]
 - ~~3.4.~~ Regulatory Review Course [2132]
 - ~~4.5.~~ Continuing Education Courses [2536]
 - ~~5.6.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

SECTION 56 COMMISSIONS – BASIC DISCLOSURE REQUIREMENT

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [2536]
 Maximum Penalty – Revocation [1-21,2]

CONDITIONS OF PROBATION

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
 3. Restitution [1626]
 4. Probation Monitoring Costs [27]
 - ~~4.5.~~ Restricted Practice [1728]
 6. Engagement Letters [29]
 - ~~5.7.~~ Ethics Continuing Education [2031]
 - ~~6.8.~~ Regulatory Review Course [2132]
 - ~~7.9.~~ Continuing Education Courses [2536]
 10. Community Service—Free Services [40]

~~8.11.~~ Administrative Penalty not to exceed maximum set forth in
~~Section section~~ 5116 [3243]

SECTION 56.1 COMMISSIONS – PROFESSIONAL SERVICES PROVIDED TO CLIENT

Minimum Penalty — ~~Correction of Violation and/or~~ Continuing Education Courses [2536]
Maximum Penalty – Revocation [1-21,2]

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 [1525]
3. Restitution [1626]
4. Probation Monitoring Costs [27]
~~4.5.~~Restricted Practice [1728]
~~5.6.~~Ethics Continuing Education [2031]
~~6.7.~~Regulatory Review Course [2132]
~~7.8.~~ Continuing Education Courses [2536]
~~8.9.~~ Administrative Penalty not to exceed maximum set forth in
~~Section section~~ 5116 [3243]

SECTION 57 INCOMPATIBLE OCCUPATIONS AND CONFLICT OF INTEREST

Minimum Penalty - Continuing Education Courses [2536]
Maximum Penalty - Revocation [1-21,2]

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 [1525]
3. Probation Monitoring Costs [27]
~~3.4.~~Restricted Practice [1728]
~~4.5.~~Engagement Letters [1829]
~~5.6.~~Ethics Continuing Education [2031]
~~6.7.~~ Regulatory Review Course [2132]
~~7.8.~~ Continuing Education Courses [2536]
~~8.9.~~ Prohibition from Handling Funds [2839]
~~9.10.~~ Community Service – Free Services [2940]
~~10-11.~~ Administrative Penalty not to exceed maximum set forth in
~~Section section~~ 5116 [3243]

SECTION 58 COMPLIANCE WITH STANDARDS

Minimum Penalty - Continuing Education Courses [~~25~~36]

Maximum Penalty - Revocation [~~1-21,2~~]

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 [~~1-21,2~~]

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 [2536]
Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
 3. Probation Monitoring Costs [27]
~~3.4. Restricted Practice [1728]~~
~~4.5. Ethics Continuing Education [2031]~~
~~5.6. Regulatory Review Course [2432]~~
~~6.7. Continuing Education Courses [2536]~~
~~7.8. Community Service – Free Services [2940]~~
~~8.9. Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]~~

(Reference Section 5063)

**SECTION 61 THE REPORTING OF
SETTLEMENTS, ARBITRATION AWARDS, AND JUDGMENTS**

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [2536]
Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
 3. Probation Monitoring Costs [27]
~~3.4. Restricted Practice [1728]~~
~~4.5. Engagement Letters [29]~~
~~5.6. Ethics Continuing Education [2031]~~
~~6.7. Regulatory Review Course [2432]~~
~~7.8. Continuing Education Courses [2536]~~
~~8.9. Community Service – Free Services [2940]~~
~~9.10. Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]~~

(Reference Section 5063)

SECTION 62 CONTINGENT FEES

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [1-21,2,4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
 3. Restitution [1626]
 4. Probation Monitoring Costs [27]
 4.5. Restricted Practice [1728]
 5.6. Engagement Letters [1829]
 6.7. Ethics Continuing Education [2031]
 7.8. Regulatory Review Course [2132]
 8.9. Continuing Education Courses [2536]
 9.10. Community Service – Free Services [2940]
 10.11. Administrative Penalty not to exceed maximum set forth in
 Section section 5116 [3243]

SECTION 63 ADVERTISING

Minimum Penalty - ~~Correction of Violation and/or~~ Continuing Education Courses [2536]
Maximum Penalty - Revocation [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [1-2,4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Probation Monitoring Costs [27]
 2.3. Ethics Continuing Education [2031]
 3.4. Regulatory Review Course [2132]
 4.5. Community Service – Free Services [2940]
 5.6. Administrative Penalty not to exceed maximum set forth in
 Section section 5116 [3243]

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 [1-21,2]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [1-2,4], probation of 3 to 5 years

2. Standard Conditions of Probation [~~5-1415-24~~]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [~~1525~~]
 3. Restitution [~~1626~~]
 4. Probation Monitoring Costs [27]
 - ~~4.5~~. Restricted Practice [~~1728~~]
 - ~~5.6~~. Engagement Letters [~~1829~~]
 - ~~6.7~~. Ethics Continuing Education [~~2031~~]
 - ~~7.8~~. Regulatory Review Course [~~2132~~]
 - ~~8.9~~. Peer Review [~~2233~~]
 - ~~9.10~~. CPA Exam [~~2334~~]
 - ~~10.11~~. Samples - Audit, Review or Compilation [~~2738~~]
 - ~~11.12~~. Administrative Penalty not to exceed maximum set forth in Section ~~section~~ 5116 [~~3243~~]

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 [~~5-1415-24~~]

- If warranted:
1. Probation Monitoring Costs [27]
 - ~~1.2~~. Ethics Continuing Education [~~2031~~]
 - ~~2.3~~. Regulatory Review Course [~~2132~~]
 - ~~3.4~~. Community Service – Free Services [~~2940~~]
 - ~~4.5~~. Administrative Penalty not to exceed maximum set forth in Section ~~section~~ 5116 [~~3243~~]

SECTION 68 RETENTION OF CLIENT'S RECORDS

Minimum Penalty - Continuing Education Courses [~~2536~~]

Maximum Penalty - Revocation [~~1-21,2~~]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [~~1-21,2,4~~], 3 years probation
2. Standard Conditions of Probation [~~5-1415-24~~]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [~~1525~~]
 3. Restitution [~~1626~~]
 4. Probation Monitoring Costs [27]
 - ~~4.5~~. Restricted Practice [~~1728~~]
 - ~~5.6~~. Engagement Letters [~~1829~~]
 - ~~6.7~~. Ethics Continuing Education [~~2031~~]

- ~~7.8.~~Regulatory Review Course [~~2132~~]
- ~~8.9.~~Continuing Education Courses [~~2536~~]
- ~~9.10.~~Community Service – Free Services [~~2940~~]
- ~~10.11.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [~~3243~~]
- ~~11.12.~~Conditions as appropriate relating to physical or mental disability or
condition [~~31-3644-49~~]

(Reference Section 5037)

SECTION 68.1 WORKING PAPERS DEFINED; RETENTION

Minimum Penalty - Continuing Education Courses [~~2536~~]

Maximum Penalty - Revocation [~~1-21,2~~]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [~~1-2,4~~], 3 years probation
 2. Standard Conditions of Probation [~~5-1415-24~~]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Restitution [~~1626~~]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~Restricted Practice [~~1728~~]
 - ~~4.5.~~Engagement Letters [~~1829~~]
 - ~~5.6.~~Ethics Continuing Education [~~2031~~]
 - ~~6.7.~~Regulatory Review Course [~~2132~~]
 - ~~7.8.~~Continuing Education Courses [~~2536~~]
 - ~~8.9.~~Community Service – Free Services [~~2940~~]
 - ~~9.10.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [~~3243~~]
 - ~~10.11.~~Conditions as appropriate relating to physical or mental disability or
condition [~~31-3644-49~~]

SECTION 68.2 COMPONENTS OF AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [~~2536~~]

Maximum Penalty - Revocation [~~1-21,2~~]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [~~5-1415-24~~]
 3. Continuing Education Courses [~~2536~~]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [~~1525~~]
 3. Probation Monitoring Costs [27]
 - ~~3.4.~~Restricted Practice [~~1728~~]

- ~~4.5~~ Ethics Continuing Education [2031]
- ~~5.6~~ Regulatory Review Course [2432]
- ~~6.7~~ Peer Review [2233]
- ~~7.8~~ CPA Exam [2324]
- ~~8.9~~ Samples - Audits, Review or Compilation [2738]
- ~~9.10~~ Community Service – Free Services [2940]
- ~~10.11~~ Notice to Clients [3442]
- ~~11.12~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 5097)

SECTION 68.3 RETENTION PERIOD FOR AUDIT DOCUMENTATION

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]
 3. Continuing Education Courses [2536]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [4525]
 3. Probation Monitoring Costs [27]
 - ~~3.4~~ Restricted Practice [4728]
 - ~~4.5~~ Library Reference Material [4930]
 - ~~5.6~~ Ethics Continuing Education [2031]
 - ~~6.9~~ Regulatory Review Course [2432]
 - ~~7.8~~ Peer Review [2233]
 - ~~8.9~~ CPA Exam [2334]
 - ~~9.10~~ Samples - Audits, Review or Compilation [2738]
 - ~~10.11~~ Community Service – Free Services [2940]
 - ~~11.12~~ Notice to Clients [3442]
 - ~~12.13~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

(Reference Section 5097)

SECTION 68.4 CHANGES IN AUDIT DOCUMENTATION AFTER ISSUANCE OF REPORT

Minimum Penalty - Continuing Education Courses [2536]

Maximum Penalty - Revocation [4-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]
 3. Continuing Education Courses [2536]

- 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 [~~1-21,2~~]

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 [~~1-21,2~~]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [1-2,4], 3 years probation
 2. Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Suspension [3] with/without stay [4]
 2. Supervised Practice [4525]
 3. Probation Monitoring Costs [27]
 - 3.4.Ethics Continuing Education [2031]
 - 4.5.Regulatory Review Course [2432]
 - 5.6. Community Service – Free Services [2940]
 - 6.7. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3246]

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 [1-21,2]

CONDITIONS OF PROBATION:

- Required:
1. If revocation stayed [4], probation of 3 to 5 years
 2. Standard Conditions of Probation [5-4415-24]

- If warranted:
1. Supervised Practice [4525]
 2. Restitution [4626]
 3. Probation Monitoring Costs [27]
 - 3.4.Restricted Practice [4728]
 - 4.5.Ethics Continuing Education [2031]
 - 5.6.Regulatory Review Course [2432]
 - 6.7. Continuing Education Courses [2536]
 - 7.8. Samples - Audit, Review or Compilation [2738]
 - 8.9. Prohibition from Handling Funds [2839]
 - 9.10.Community Service – Free Services [2940]
 - 10.11.Notification to Clients [3442]
 - 11.12.Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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
4.2. Standard Conditions of Probation [5-4415-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Probation Monitoring Costs [27]
2.3. Restricted Practice [4728]
3.4. Ethics Continuing Education [2031]
4.5. Regulatory Review Course [2432]
5.6. Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

**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 [5-4415-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Restricted Practice [4728]
3. Ethics Continuing Education [2031]
4. Regulatory Review Course [2432]
5. Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

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 [2536]
 Maximum Penalty – Revocation [1-21,2]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
3. Probation Monitoring Costs [27]
~~3.4.~~ Restricted Practice [1728]
~~4.5.~~ Ethics Continuing Education [2031]
~~5.6.~~ Regulatory Review Course [2132]
~~6.7.~~ Continuing Education Courses [2536]
~~7.8.~~ Samples – Audit, Review or Compilation [2738]
~~8.9.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

SECTION 87 BASIC REQUIREMENTS (Continuing Education)

Minimum Penalty – ~~Correction of Violation and/or~~ Continuing Education Courses [2536]
 Maximum Penalty – Revocation [1-21,2]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4], 3 years probation
 2. Standard Conditions of Probation [5-1415-24]

If warranted: 1. Suspension [3] with/without stay [4]
 2. Supervised Practice [1525]
3. Probation Monitoring Costs [27]
~~3.4.~~ Restricted Practice [1728]
~~4.5.~~ Ethics Continuing Education [2031]
~~5.6.~~ Regulatory Review Course [2132]
~~6.7.~~ Continuing Education Courses [2536]
~~7.8.~~ Samples – Audit, Review or Compilation [2738]
~~8.9.~~ Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

SECTION 87.5 ADDITIONAL CONTINUING EDUCATION REQUIREMENTS

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [2536]
Maximum Penalty - Revocation stayed, 3 years probation [1-2,1,2,4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-4415-24]

If warranted: 1. Probation Monitoring Costs [27]
 4.2. Ethics Continuing Education [2031]
 2.3. Regulatory Review Course [2132]
 3.4. Continuing Education Courses [2536]
 4.5. Active License Status [2637]
 5.6. Samples - Audit, Review or Compilation [2738]
 6.7. Administrative Penalty not to exceed maximum set forth in
 Section section 5116 [3243]

**SECTION 87.6 RECORDS REVIEW
 CONTINUING EDUCATION REQUIREMENTS**

Minimum Penalty - ~~Correction of Violation~~ Continuing Education Courses [36]
Maximum Penalty - Revocation stayed, 3 years probation [1-21,2,4]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [5-4415-24]

If warranted: 1. Probation Monitoring Costs [27]
 4.2. Ethics Continuing Education [2031]
 2.3. Regulatory Review Course [2132]
 3.4. Continuing Education Courses [2536]
 4.5. Samples - Audit, Review or Compilation [2738]
 5.6. Administrative Penalty not to exceed maximum set forth in
 Section section 5116 [3243]

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 [5-4415-24]

If warranted: 1. Probation Monitoring Costs [27]
 4.2. Ethics Continuing Education [2031]
 2.3. Continuing Education Courses [2536]

~~3.4. Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]~~

SECTION 89 CONTROL AND REPORTING

Minimum Penalty - ~~Correction of Violation [25]~~Continuing Education Courses [36]

Maximum Penalty - Revocation [~~4-21,2~~]

CONDITIONS OF PROBATION:

Required: 1. If revocation stayed [~~4-2,4~~], 3 years probation
2. Standard Conditions of Probation [~~5-44~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~4.2.~~Ethics Continuing Education [2031]
~~2.3.~~Regulatory Review Course [2132]
~~3.4.~~Continuing Education Courses [2536]
~~4.5.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

SECTION 89.1 REPORTS

Minimum Penalty - ~~Correction of Violation~~Continuing Education Courses [36]

Maximum Penalty - Revocation stayed, 3 years probation [~~4-2,1,2,4~~]

CONDITIONS OF PROBATION:

Required: 1. Standard Conditions of Probation [~~5-44~~15-24]

If warranted: 1. Probation Monitoring Costs [27]
~~4.2.~~Ethics Continuing Education [2031]
~~2.3.~~Regulatory Review Course [2132]
~~3.4.~~Continuing Education Courses [2536]
~~4.5.~~Samples - Audit, Review or Compilation [2738]
~~5.6.~~Administrative Penalty not to exceed maximum set forth in
Section section 5116 [3243]

SECTION 90 EXCEPTIONS AND EXTENSIONS

Minimum Penalty – Continuing Education Courses [2536]

Maximum Penalty – Revocation [~~4-21,2~~]

CONDITIONS OF PROBATION

Required: 1. If revocation stayed [4] 3 years probation
2. Standard Conditions of Probation [~~5-44~~15-24]

If warranted: 1. Suspension [3] with/without stay [4]
2. Supervised Practice [~~45~~25]

- 3. Probation Monitoring Costs [27]
- 3.4. Restricted Practice [1728]
- 4.5. Ethics Continuing Education [2031]
- 5.6. Regulatory Review Course [2132]
- 6.7. Continuing Education Courses [2536]
- 7.8. Samples – Audit, Review or Compilation [2738]
- 8.9. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 [1-2,41,2,4]

CONDITIONS OF PROBATION:

- Required:
- 1. Standard Conditions of Probation [5-1415-24]
 - 2. Restitution [1626]
 - 3. Compliance with Citation Abatement Order and/or Fine

- If warranted:
- 1. Probation Monitoring Costs [27]
 - 4.2. Administrative Penalty not to exceed maximum set forth in Section section 5116 [3243]

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 shall 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 condition(s) which contributed to the violation or when the same are alleged by respondent to be a contributing factor to the violation(s).

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 (6/14)) 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.

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.



DEPARTMENT OF CONSUMER AFFAIRS
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LC Item II.
July 24, 2014

CBA XI.A.2.
July 24, 2014

Update on Legislation on Which the CBA Has Taken a Position

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: June 25, 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, 1702, 2058, 2396, 2720 and Senate Bill (SB) 176, which have either not been amended or which have been amended, but not in a way which changes the effect of the bill.

Comments

The remaining bills are still moving through the process, are still relevant to the CBA and have been amended since the CBA's May meeting.

AB 2415 – Property Tax Agents (Attachment 2)

CBA Position: Oppose Unless Amended

What it did

AB 2415 would establish a statewide structure for the regulation of Property Tax Agents.

Amendments

The amendments were not substantive and do not change the impact to the CBA.

Analysis

The CBA Vice President and Executive Officer met with Assembly member Ting and his staff in early June to discuss the bill and the CBA's position. Following the meeting, the CBA extended an invitation (**Attachment 3**) to the author and his staff to attend the July CBA meeting and/or submit written materials they would like the CBA to consider as it reexamines its position on AB 2415.

Update on Legislation on Which the CBA Has Taken a Position

Page 2 of 3

There have been ongoing discussions between the author's office, the policy committee chair, and the California Society of CPAs regarding amendments that may address most of the CBA's concerns. However, as of the date of this agenda item, no amendments have been made to the bill.

Recommendation

Staff has no recommendation; however the CBA may wish to reexamine its present position based on additional information that may be provided by the author, information presented during the meeting, or if amendments are made following the preparation of this agenda item that would address the CBA's concerns.

SB 1159 – Individual Taxpayer ID Number (Attachment 4)

CBA Position: Watch

What it did

SB 1159 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).

Amendments

The amendments were not substantive and do not change the impact to the CBA.

Analysis

The CBA directed staff to communicate its reservations regarding this proposal to the author. Staff sent a letter (**Attachment 5**) that outlined the concern that SB 1159 did not specifically authorize the CBA (or any board or bureau) to issue a license to an undocumented immigrant, and therefore, passage of this bill could be in conflict with federal law. Staff have sought a reply to this concern, but as of the date of this agenda item, have not received any communication from the author's office, nor has the bill been amended to address it.

Recommendation

Staff recommend maintaining the Watch position on the bill and continuing to work with the author's office to address the issue.

SB 1467 – Omnibus Bill (Attachment 6)

CBA Position: Support

What It Did

SB 1467 contains non-controversial provisions for boards under the Department of Consumer Affairs and has passed every vote unanimously. 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

Update on Legislation on Which the CBA Has Taken a Position

Page 3 of 3

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 Board and the United States Securities and Exchange Commission to the practice privilege provisions which are in effect now through January 1, 2019.

Amendments

The relevant amendments remove a provision from Business and Professions Code (BPC) section 5000 regarding the composition of the CBA. Specifically, it removes the requirement that two members of the CBA represent small firms and removes the definition of small firm.

Analysis

This amendment will provide greater flexibility to future Governors when making appointments to the CBA. The definition of small firms is 20 years old, and it can be argued that it is no longer a current definition.

Recommendation

Maintain a Support 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, 1702, 2058, 2396, 2720 and SB 176.
- No staff recommendation, but the CBA may wish to reconsider its position on AB 2415 based on additional information from the author's office or if amendments are made to the bill
- No action is needed to maintain current position on SB 1159 and 1467.

Attachments

1. Legislative Tracking List
2. AB 2415
3. Letter to Assembly Member Ting regarding AB 2415
4. SB 1159
5. Letter to Senator Lara regarding SB 1159
6. SB 1467



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Attachment 1

2013-14 Legislative Tracking List

| Bill # | Author | Topic | Position | Status |
|----------------|---------------------------------|-----------------------------|-----------------------|------------------------------------|
| AB 186 | Maienschein | Temporary licenses | Support | Senate Floor |
| AB 1702 | Maienschein | Incarceration | Support | Senate Floor |
| AB 2058 | Wilk | Open Meetings | Oppose | Senate Floor |
| AB 2396 | Bonta | Expungement of a Conviction | Oppose | Senate Appropriations |
| AB 2415 | Ting | Property Tax Agents | Oppose Unless Amended | Senate Appropriations |
| AB 2720 | Ting | Record of Actions Taken | Support | Senate Desk |
| SB 176 | Galgiani | Administrative Procedures | Support | Assembly Appropriations - Suspense |
| SB 1159 | Lara | Individual Tax ID Number | Watch | Assembly Appropriations |
| SB 1467 | Senate Business and Professions | Omnibus Bill | Support | Assembly Appropriations |

AMENDED IN SENATE JUNE 25, 2014

AMENDED IN SENATE JUNE 12, 2014

AMENDED IN ASSEMBLY MAY 23, 2014

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)
(Coauthors: Assembly Members Bocanegra and Dababneh)**

February 21, 2014

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. 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 April 1, 2016, prohibit a Property Tax Agent, defined as any individual who is employed, under contract, or otherwise receives compensation, from communicating directly or indirectly 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, including representing a taxpayer before a county official, without first being registered and issued a registration number by the Secretary of State. The bill would provide that a violation of these provisions is a misdemeanor. The bill would require a Property Tax Agent to file, under penalty of perjury, with the Secretary of State an application for registration that includes specified information and a registration fee, as specified. Because this bill would create new crimes, this bill would impose a state-mandated local program.

This bill would make the registration subject to biennial renewal. This bill would require the Secretary of State to issue a cease and desist order to a person who is subject to these provisions 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; to a Property Tax Agent who engages in prohibited activities, and to ~~a person~~ *an individual* who acts as a Property Tax Agent without registering, and to provide a copy of the notice to the Attorney General.

This bill would require the Secretary of State to develop a list of registered ~~property tax agents~~, *Property Tax Agents*, and a list of ~~registered property tax agents~~ *Property Tax Agents* who, *after exhausting their administrative remedies*, have been issued a cease and desist order, fined or convicted for committing specified violations, or whose license, *as specified*, has been revoked, and to make those lists publicly available on its Internet Web site, as specified. The bill would provide that a Property Tax Agent is subject to disqualification for 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.~~ *activities* and would authorize the imposition of civil penalties not to exceed \$1,500 for each violation of these provisions.

This bill would require the Attorney General, District Attorney, or City Attorney, as applicable, to notify the Secretary of State of any conviction of, or of any penalty imposed against, a Property Tax Agent pursuant to these provisions. By imposing new duties on city attorneys' offices, this bill would impose a ~~state-mandate~~ *state-mandated* local program.

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.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

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

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

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

4
5 CHAPTER 14.5. PROPERTY TAX AGENTS
6

7 22260. The following definitions apply for purposes of this
8 chapter:

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

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

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

21 (2) The following shall not be considered to be influencing
22 official action:

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

4 (B) The act of contacting, or being contacted by, a county
5 official solely for the purpose of ascertaining the current status of
6 any of the following:

- 7 (i) A property’s taxable value.
- 8 (ii) A pending property tax refund.
- 9 (iii) A pending property tax exemption application.

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

17 (e) “Public official” and “public employee” mean any
18 government official or employee of any state or local government
19 agency.

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

- 25 (1) An elected or appointed public official or public employee
26 when acting in his or her official capacity.
- 27 (2) A person representing any of the following:
 - 28 (A) Himself or herself.
 - 29 (B) An immediate family member.
 - 30 (C) An entity of which the person is a partner or owner of 10
31 percent or more of the value of the entity.
 - 32 (3) An in-house tax professional or in-house employee
33 representing his or her employer by influencing official action.
 - 34 (4) A person who, accompanying the taxpayer or a registered
35 Property Tax Agent, only provides their expert opinion to a county
36 official.

37 22260.1. (a) (1) Each Property Tax Agent shall file, under
38 penalty of perjury, with the Secretary of State an application for
39 a registration containing the following information:

1 (A) The Property Tax Agent’s full name, business address,
2 business telephone number, business email address, date of birth,
3 and previous Property Tax Agent number issued by the Secretary
4 of State, if applicable.

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

7 (C) A statement affirming that the person has not:

8 (i) Been convicted of any felony under state or federal tax laws.

9 (ii) Been convicted of any other criminal offense involving
10 dishonesty, breach of trust, or moral turpitude.

11 (iii) Had his or her professional license to practice as an attorney,
12 certified public accountant, public accountant, or actuary revoked
13 by any duly constituted authority of any state, territory, or
14 possession of the United States, including a commonwealth, or
15 the District of Columbia, any court of record, or any agency, body,
16 or board.

17 (D) A statement that the Property Tax Agent has read and
18 understands the duties and prohibitions contained in Section
19 22260.6.

20 (2) Intentionally providing false information on the application
21 for registration shall disqualify an individual from registration as
22 a Property Tax Agent and subject a person who was previously
23 registered as a Property Tax Agent to the issuance of a cease and
24 desist order by the Secretary of State.

25 (3) (A) A Property Tax Agent shall also pay the Secretary of
26 State a registration fee in the amount of two hundred fifty dollars
27 (\$250) or a fee not to exceed the amount necessary to administer
28 this chapter.

29 (B) The Secretary of State may cancel the registration of a
30 Property Tax Agent if a check or other remittance accepted as
31 payment for the registration or reissuance of a registration is not
32 paid upon presentation to the financial institution upon which the
33 check or other remittance was drawn. Upon receiving written
34 notification that the item presented for payment has not been
35 honored for payment, the Secretary of State shall first issue a
36 written notice of the applicability of this section to the Property
37 Tax Agent or the person who submitted the payment instrument.
38 Thereafter, if the amount is not paid by a cashier’s check or the
39 equivalent in certified funds, the Secretary of State shall issue a
40 second written notice of cancellation and the cancellation shall

1 thereupon be effective. The second written notice shall be issued
2 at least 20 days after the first notice, and no more than 90 days
3 after the date of the issuance or reissuance of the registration
4 number.

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

8 (c) Beginning on January 1, 2016, the Secretary of State shall
9 accept applications for a registration from Property Tax Agents.

10 (d) Beginning April 1, 2016, a Property Tax Agent shall not
11 represent taxpayers before a county official without first being
12 registered and issued a registration number pursuant to this section.
13 The Secretary of State shall provide the Property Tax Agent the
14 same registration number should that Property Tax Agent reregister
15 at a subsequent date.

16 (e) A registration issued pursuant to this section shall expire
17 two years from its date of issuance unless and until that person
18 terminates the registration or until that person no longer qualifies
19 as a registrant.

20 (f) The Secretary of State, at least 30 days but no more than 90
21 days, prior to the expiration of the registration, shall send to the
22 Property Tax Agent a notice of the registration's expiration.

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

26 ~~22260.2. A county supervisor or a member of a county~~
27 ~~assessment appeals board shall not act as a Property Tax Agent in~~
28 ~~the county in which they currently serve as a county supervisor or~~
29 ~~as a member of a county assessment appeals board.~~

30 22260.3. (a) Within 10 days of any change in any of the
31 registration information submitted pursuant to Section 22260.1, a
32 Property Tax Agent shall file updated *accurate* registration
33 information with the Secretary of State.

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

37 (c) It shall be a misdemeanor for any person to act as a Property
38 Tax Agent if that person intentionally provided false information
39 relating to the statements required by subparagraph (C) of
40 paragraph (1) of subdivision (a) of Section 22260.1 for registration,

1 if that person is not registered as a Property Tax Agent pursuant
2 to Section ~~22260.1~~, or if that person was previously registered as
3 a Property Tax Agent pursuant to Section 22260.1 but that person
4 is no longer registered as a Property Tax Agent. *22260.1.*

5 22260.4. This chapter shall not be construed to prohibit a
6 county from, by ordinance, enacting Property Tax Agent reporting
7 requirements for campaign contributions to elected officials in that
8 county or prohibiting such campaign contributions.

9 22260.5. (a) The Secretary of State shall develop a list of
10 registered Property Tax Agents and make that list available to the
11 public on its Internet Web site.

12 (b) The Secretary of State shall develop a list of registered
13 Property Tax Agents, who after exhausting their administrative
14 remedies, have been issued a cease and desist order, fined for or
15 convicted of a violation of this chapter, or whose license as an
16 attorney, certified public accountant, public accountant, or actuary
17 has been revoked, and post the names and business addresses of
18 those Property Tax Agents on the secretary's Internet Web site.

19 22260.6. A property tax agent shall be subject to
20 disqualification for engaging in any of the following activities:

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

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

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

31 (d) Knowingly aid and abet another person to practice as a
32 Property Tax Agent before the county or a county official during
33 a period when the other person ~~has been deregistered as a Property~~
34 ~~Tax Agent or otherwise is ineligible to lawfully act~~ *is not currently*
35 *registered by the Secretary of State* as a Property Tax Agent.

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

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

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

5 (h) Make a gift or gifts of any monetary value to a county
6 official. A Property Tax Agent shall not act as an agent or
7 intermediary in the making of any gift or arrange for the making
8 of any gift from any other person.

9 (i) *Act as a Property Tax Agent in a county in which he or she*
10 *serves as a county supervisor as a member of the assessment*
11 *appeals board.*

12 (j) *Make a campaign contribution to a candidate for office of*
13 *county assessor or member of the State Board of Equalization.*

14 22260.7. (a) The Secretary of State shall issue a cease and
15 desist order to a person subject to the provisions of this chapter
16 who had his or her professional license to practice as an attorney,
17 certified public accountant, public accountant, or actuary revoked,
18 or has been convicted of any felony under state or federal tax laws,
19 or has been convicted of any other criminal offense involving
20 dishonesty, breach of trust, or moral turpitude, and shall provide
21 a copy of the order to the Attorney General. Unless the person has
22 been punished by imposition of a civil penalty pursuant to Section
23 22260.8, prior to issuing a cease and desist order to a person
24 pursuant to this subdivision, the Secretary of State shall provide
25 the person with written notice and an opportunity to demonstrate
26 that grounds for ~~disqualification~~ *the cease and desist order* do not
27 exist.

28 (b) The Secretary of State shall issue a cease and desist order
29 to a Property Tax Agent who commits any of the acts listed in
30 Section 22260.6, and shall provide a copy of the order to the
31 Attorney General. Unless the person has been punished by
32 imposition of a civil penalty pursuant to Section 22260.8, prior to
33 issuing a cease and desist order to a person pursuant to this
34 subdivision, the Secretary of State shall provide the person with
35 written notice and an opportunity to demonstrate that grounds for
36 ~~disqualification~~ *the cease and desist order* do not exist.

37 (c) The Secretary of State shall issue a cease and desist order
38 to an individual who is employed, under contract, or otherwise
39 receives compensation to communicate directly, or through agents,
40 employees, or subcontractors, with any county official for the

1 purpose of influencing official action who has not registered as a
2 Property Tax Agent pursuant to Section 22260.1, and shall provide
3 a copy of the order to the Attorney General.

4 22260.8. (a) A person who violates this chapter shall be subject
5 to a civil penalty not to exceed one thousand five hundred dollars
6 (\$1,500) in a civil action for each violation brought in the name
7 of the people of the State of California by the Attorney General,
8 a district attorney, or a city attorney.

9 (b) The court shall impose a civil penalty for each violation of
10 this chapter. In assessing the amount of the civil penalty, the court
11 may consider relevant circumstances presented, including, but not
12 limited to, the following:

- 13 (1) The nature and seriousness of the misconduct.
- 14 (2) The number of violations.
- 15 (3) The persistence of the misconduct.
- 16 (4) The length of time over which the misconduct occurred.
- 17 (5) The willfulness of the defendant's misconduct.
- 18 (6) The defendant's assets, liabilities, and net worth.

19 (c) If the Attorney General brings the action, one-half of the
20 civil penalty collected shall be paid to the treasurer of the county
21 in which the judgment was entered *for distribution to the county*
22 *general fund*, and one-half to the *state's* General Fund. If a district
23 attorney brings the action, the civil penalty collected shall be paid
24 to the treasurer of the county in which the judgment was entered
25 *for distribution to the county general fund*. If a city attorney brings
26 the action, one-half of the civil penalty collected shall be paid to
27 the treasurer of the city in which the judgment was entered *for*
28 *distribution to the city's general fund*, and one-half to the treasurer
29 of the county in which the judgment was entered *for distribution*
30 *to the county general fund*.

31 (d) Notwithstanding subdivision (a), a penalty shall not be
32 imposed if the first noncompliance with, or violation of, this
33 chapter is cured within 30 days of the date on which the Secretary
34 of State issues a cease and desist order pursuant to Section 22260.7
35 to a person subject to this chapter.

36 22260.9. The Attorney General, District Attorney, or City
37 Attorney shall notify the Secretary of State of both of the following:

38 (a) Any conviction of a Property Tax Agent under Section
39 22260.3. The prosecuting office shall make this notification.

1 (b) Any civil penalty imposed against a Property Tax Agent
2 pursuant to Section 22260.8. The office bringing the action shall
3 make this notification.

4 22260.11. The provisions of this chapter shall preempt and
5 supersede all local ordinances regarding the registration of any
6 individual who communicates directly or indirectly with any county
7 official for the purpose of influencing official action regarding a
8 property tax assessment.

9 SEC. 2. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution for certain
11 costs that may be incurred by a local agency or school district
12 because, in that regard, this act creates a new crime or infraction,
13 eliminates a crime or infraction, or changes the penalty for a crime
14 or infraction, within the meaning of Section 17556 of the
15 Government Code, or changes the definition of a crime within the
16 meaning of Section 6 of Article XIII B of the California
17 Constitution.

18 However, if the Commission on State Mandates determines that
19 this act contains other costs mandated by the state, reimbursement
20 to local agencies and school districts for those costs shall be made
21 pursuant to Part 7 (commencing with Section 17500) of Division
22 4 of Title 2 of the Government Code.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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SACRAMENTO, CA 95815-3832
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Attachment 3

June 23, 2014

Assembly Member Philip Ting
State Capitol
Sacramento, CA 95814

Dear Assembly Member Ting:

I want to thank you for taking the time to meet with California Board of Accountancy (CBA) Vice-President Jose Campos and myself on June 11, 2014 regarding your Assembly Bill (AB) 2415.

Following our meeting, it was directed that AB 2415 be placed on the CBA's July 2014 meeting agenda for further consideration. It will initially be discussed at the CBA's Legislative Committee meeting shortly before the full body meets. I would like to invite you or a representative to attend both meetings. The Legislative Committee meets at 9:00am on July 24, 2014 while the full CBA meeting begins at 11:00am. Both meetings will take place at the Tsakopoulos Library Galleria, 828 I Street, in Sacramento.

In addition, if you have any written information that you would like to see included along with the agenda item please send them to the CBA's Legislative Coordinator, Matthew Stanley, at matthew.stanley@cba.ca.gov. We would need this information by the end of June to ensure that it is included in the CBA meeting materials.

Lastly, I appreciated your suggestion on further improving our communication efforts with the Legislature; we have begun exploring various methods for accomplishing this. Thank you again for the opportunity to meet with you to discuss this matter.

Sincerely,

A handwritten signature in black ink that reads 'Patti Bowers'. The signature is written in a cursive style with a long, sweeping underline.

Patti Bowers
Executive Officer

c: Members, California Board of Accountancy

AMENDED IN ASSEMBLY JUNE 30, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE APRIL 7, 2014

SENATE BILL

No. 1159

Introduced by Senator Lara

February 20, 2014

An act to amend Section 30 of the Business and Professions Code, to amend Section 17520 of the Family 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 applicants: individual 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 licensing bodies. Existing law 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 require those licensing bodies to require an applicant other than a partnership to provide either an individual 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: yes.
State-mandated local program: no.

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

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

3 30. (a) Notwithstanding any other law, any board, as defined
4 in Section 22, and the State Bar and the Bureau of Real Estate shall
5 at the time of issuance of the license require that the applicant
6 provide its federal employer identification number, if the applicant
7 is a partnership, or the applicant’s individual taxpayer identification
8 number or social security number, if one has been issued, for all
9 other applicants.

10 (b) A licensee failing to provide the federal employer
11 identification number, or the individual taxpayer identification
12 number or social security number, if one has been issued to the
13 individual, shall be reported by the licensing board to the Franchise
14 Tax Board. If the licensee fails to provide that information after
15 notification pursuant to paragraph (1) of subdivision (b) of Section
16 19528 of the Revenue and Taxation Code, the licensee shall be
17 subject to the penalty provided in paragraph (2) of subdivision (b)
18 of Section 19528 of the Revenue and Taxation Code.

19 (c) In addition to the penalty specified in subdivision (b), a
20 licensing board may not process an application for an initial license
21 unless the applicant provides its federal employer identification
22 number, or individual taxpayer identification number or social
23 security number, if one has been issued to the individual, where
24 requested on the application.

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

- 28 (1) Name.
- 29 (2) Address or addresses of record.
- 30 (3) Federal employer identification number if the licensee is a
31 partnership, or the licensee’s individual taxpayer identification

1 number or social security number, if one has been issued to the
2 individual, for all other licensees.

3 (4) Type of license.

4 (5) Effective date of license or a renewal.

5 (6) Expiration date of license.

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

7 (8) Whether license is new or a renewal.

8 (e) For the purposes of this section:

9 (1) "Licensee" means a person or entity, other than a
10 corporation, authorized by a license, certificate, registration, or
11 other means to engage in a business or profession regulated by
12 this code or referred to in Section 1000 or 3600.

13 (2) "License" includes a certificate, registration, or any other
14 authorization needed to engage in a business or profession
15 regulated by this code or referred to in Section 1000 or 3600.

16 (3) "Licensing board" means any board, as defined in Section
17 22, the State Bar, and the Bureau of Real Estate.

18 (f) The reports required under this section shall be filed on
19 magnetic media or in other machine-readable form, according to
20 standards furnished by the Franchise Tax Board.

21 (g) Licensing boards shall provide to the Franchise Tax Board
22 the information required by this section at a time that the Franchise
23 Tax Board may require.

24 (h) Notwithstanding Chapter 3.5 (commencing with Section
25 6250) of Division 7 of Title 1 of the Government Code, a federal
26 employer identification number, individual taxpayer identification
27 number, or social security number furnished pursuant to this section
28 shall not be deemed to be a public record and shall not be open to
29 the public for inspection.

30 (i) Any deputy, agent, clerk, officer, or employee of any
31 licensing board described in subdivision (a), or any former officer
32 or employee or other individual who in the course of his or her
33 employment or duty has or has had access to the information
34 required to be furnished under this section, may not disclose or
35 make known in any manner that information, except as provided
36 in this section to the Franchise Tax Board or as provided in
37 subdivision (k).

38 (j) It is the intent of the Legislature in enacting this section to
39 utilize the federal employer identification number, individual
40 taxpayer identification number, or social security number for the

1 purpose of establishing the identification of persons affected by
2 state tax laws and for purposes of compliance with Section 17520
3 of the Family Code and, to that end, the information furnished
4 pursuant to this section shall be used exclusively for those
5 purposes.

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

15 (l) For the purposes of enforcement of Section 17520 of the
16 Family Code, and notwithstanding any other law, any board, as
17 defined in Section 22, and the State Bar and the Bureau of Real
18 Estate shall at the time of issuance of the license require that each
19 licensee provide the individual taxpayer identification number or
20 social security number, if any has been issued to the licensee, of
21 each individual listed on the license and any person who qualifies
22 the license. For the purposes of this subdivision, “licensee” means
23 any entity that is issued a license by any board, as defined in
24 Section 22, the State Bar, the Bureau of Real Estate, and the
25 Department of Motor Vehicles.

26 SEC. 2. Section 17520 of the Family Code is amended to read:
27 17520. (a) As used in this section:

28 (1) “Applicant” means any person applying for issuance or
29 renewal of a license.

30 (2) “Board” means any entity specified in Section 101 of the
31 Business and Professions Code, the entities referred to in Sections
32 1000 and 3600 of the Business and Professions Code, the State
33 Bar, the Bureau of Real Estate, the Department of Motor Vehicles,
34 the Secretary of State, the Department of Fish and Game, and any
35 other state commission, department, committee, examiner, or
36 agency that issues a license, certificate, credential, permit,
37 registration, or any other authorization to engage in a business,
38 occupation, or profession, or to the extent required by federal law
39 or regulations, for recreational purposes. This term includes all
40 boards, commissions, departments, committees, examiners, entities,

1 and agencies that issue a license, certificate, credential, permit,
2 registration, or any other authorization to engage in a business,
3 occupation, or profession. The failure to specifically name a
4 particular board, commission, department, committee, examiner,
5 entity, or agency that issues a license, certificate, credential, permit,
6 registration, or any other authorization to engage in a business,
7 occupation, or profession does not exclude that board, commission,
8 department, committee, examiner, entity, or agency from this term.

9 (3) “Certified list” means a list provided by the local child
10 support agency to the Department of Child Support Services in
11 which the local child support agency verifies, under penalty of
12 perjury, that the names contained therein are support obligors found
13 to be out of compliance with a judgment or order for support in a
14 case being enforced under Title IV-D of the Social Security Act.

15 (4) “Compliance with a judgment or order for support” means
16 that, as set forth in a judgment or order for child or family support,
17 the obligor is no more than 30 calendar days in arrears in making
18 payments in full for current support, in making periodic payments
19 in full, whether court ordered or by agreement with the local child
20 support agency, on a support arrearage, or in making periodic
21 payments in full, whether court ordered or by agreement with the
22 local child support agency, on a judgment for reimbursement for
23 public assistance, or has obtained a judicial finding that equitable
24 estoppel as provided in statute or case law precludes enforcement
25 of the order. The local child support agency is authorized to use
26 this section to enforce orders for spousal support only when the
27 local child support agency is also enforcing a related child support
28 obligation owed to the obligee parent by the same obligor, pursuant
29 to Sections 17400 and 17604.

30 (5) “License” includes membership in the State Bar, and a
31 certificate, credential, permit, registration, or any other
32 authorization issued by a board that allows a person to engage in
33 a business, occupation, or profession, or to operate a commercial
34 motor vehicle, including appointment and commission by the
35 Secretary of State as a notary public. “License” also includes any
36 driver’s license issued by the Department of Motor Vehicles, any
37 commercial fishing license issued by the Department of Fish and
38 Game, and to the extent required by federal law or regulations,
39 any license used for recreational purposes. This term includes all
40 licenses, certificates, credentials, permits, registrations, or any

1 other authorization issued by a board that allows a person to engage
2 in a business, occupation, or profession. The failure to specifically
3 name a particular type of license, certificate, credential, permit,
4 registration, or other authorization issued by a board that allows
5 a person to engage in a business, occupation, or profession, does
6 not exclude that license, certificate, credential, permit, registration,
7 or other authorization from this term.

8 (6) “Licensee” means any person holding a license, certificate,
9 credential, permit, registration, or other authorization issued by a
10 board, to engage in a business, occupation, or profession, or a
11 commercial driver’s license as defined in Section 15210 of the
12 Vehicle Code, including an appointment and commission by the
13 Secretary of State as a notary public. “Licensee” also means any
14 person holding a driver’s license issued by the Department of
15 Motor Vehicles, any person holding a commercial fishing license
16 issued by the Department of Fish and Game, and to the extent
17 required by federal law or regulations, any person holding a license
18 used for recreational purposes. This term includes all persons
19 holding a license, certificate, credential, permit, registration, or
20 any other authorization to engage in a business, occupation, or
21 profession, and the failure to specifically name a particular type
22 of license, certificate, credential, permit, registration, or other
23 authorization issued by a board does not exclude that person from
24 this term. For licenses issued to an entity that is not an individual
25 person, “licensee” includes any individual who is either listed on
26 the license or who qualifies for the license.

27 (b) The local child support agency shall maintain a list of those
28 persons included in a case being enforced under Title IV-D of the
29 Social Security Act against whom a support order or judgment has
30 been rendered by, or registered in, a court of this state, and who
31 are not in compliance with that order or judgment. The local child
32 support agency shall submit a certified list with the names, social
33 security numbers, and last known addresses of these persons and
34 the name, address, and telephone number of the local child support
35 agency who certified the list to the department. The local child
36 support agency shall verify, under penalty of perjury, that the
37 persons listed are subject to an order or judgment for the payment
38 of support and that these persons are not in compliance with the
39 order or judgment. The local child support agency shall submit to
40 the department an updated certified list on a monthly basis.

1 (c) The department shall consolidate the certified lists received
2 from the local child support agencies and, within 30 calendar days
3 of receipt, shall provide a copy of the consolidated list to each
4 board that is responsible for the regulation of licenses, as specified
5 in this section.

6 (d) On or before November 1, 1992, or as soon thereafter as
7 economically feasible, as determined by the department, all boards
8 subject to this section shall implement procedures to accept and
9 process the list provided by the department, in accordance with
10 this section. Notwithstanding any other law, all boards shall collect
11 social security numbers or individual taxpayer identification
12 numbers, if they have been issued, from all applicants for the
13 purposes of matching the names of the certified list provided by
14 the department to applicants and licensees and of responding to
15 requests for this information made by child support agencies.

16 (e) (1) Promptly after receiving the certified consolidated list
17 from the department, and prior to the issuance or renewal of a
18 license, each board shall determine whether the applicant is on the
19 most recent certified consolidated list provided by the department.
20 The board shall have the authority to withhold issuance or renewal
21 of the license of any applicant on the list.

22 (2) If an applicant is on the list, the board shall immediately
23 serve notice as specified in subdivision (f) on the applicant of the
24 board's intent to withhold issuance or renewal of the license. The
25 notice shall be made personally or by mail to the applicant's last
26 known mailing address on file with the board. Service by mail
27 shall be complete in accordance with Section 1013 of the Code of
28 Civil Procedure.

29 (A) The board shall issue a temporary license valid for a period
30 of 150 days to any applicant whose name is on the certified list if
31 the applicant is otherwise eligible for a license.

32 (B) Except as provided in subparagraph (D), the 150-day time
33 period for a temporary license shall not be extended. Except as
34 provided in subparagraph (D), only one temporary license shall
35 be issued during a regular license term and it shall coincide with
36 the first 150 days of that license term. As this paragraph applies
37 to commercial driver's licenses, "license term" shall be deemed
38 to be 12 months from the date the application fee is received by
39 the Department of Motor Vehicles. A license for the full or

1 remainder of the license term shall be issued or renewed only upon
2 compliance with this section.

3 (C) In the event that a license or application for a license or the
4 renewal of a license is denied pursuant to this section, any funds
5 paid by the applicant or licensee shall not be refunded by the board.

6 (D) This paragraph shall apply only in the case of a driver's
7 license, other than a commercial driver's license. Upon the request
8 of the local child support agency or by order of the court upon a
9 showing of good cause, the board shall extend a 150-day temporary
10 license for a period not to exceed 150 extra days.

11 (3) (A) The department may, when it is economically feasible
12 for the department and the boards to do so as determined by the
13 department, in cases where the department is aware that certain
14 child support obligors listed on the certified lists have been out of
15 compliance with a judgment or order for support for more than
16 four months, provide a supplemental list of these obligors to each
17 board with which the department has an interagency agreement to
18 implement this paragraph. Upon request by the department, the
19 licenses of these obligors shall be subject to suspension, provided
20 that the licenses would not otherwise be eligible for renewal within
21 six months from the date of the request by the department. The
22 board shall have the authority to suspend the license of any licensee
23 on this supplemental list.

24 (B) If a licensee is on a supplemental list, the board shall
25 immediately serve notice as specified in subdivision (f) on the
26 licensee that his or her license will be automatically suspended
27 150 days after notice is served, unless compliance with this section
28 is achieved. The notice shall be made personally or by mail to the
29 licensee's last known mailing address on file with the board.
30 Service by mail shall be complete in accordance with Section 1013
31 of the Code of Civil Procedure.

32 (C) The 150-day notice period shall not be extended.

33 (D) In the event that any license is suspended pursuant to this
34 section, any funds paid by the licensee shall not be refunded by
35 the board.

36 (E) This paragraph shall not apply to licenses subject to annual
37 renewal or annual fee.

38 (f) Notices shall be developed by each board in accordance with
39 guidelines provided by the department and subject to approval by
40 the department. The notice shall include the address and telephone

1 number of the local child support agency that submitted the name
2 on the certified list, and shall emphasize the necessity of obtaining
3 a release from that local child support agency as a condition for
4 the issuance, renewal, or continued valid status of a license or
5 licenses.

6 (1) In the case of applicants not subject to paragraph (3) of
7 subdivision (e), the notice shall inform the applicant that the board
8 shall issue a temporary license, as provided in subparagraph (A)
9 of paragraph (2) of subdivision (e), for 150 calendar days if the
10 applicant is otherwise eligible and that upon expiration of that time
11 period the license will be denied unless the board has received a
12 release from the local child support agency that submitted the name
13 on the certified list.

14 (2) In the case of licensees named on a supplemental list, the
15 notice shall inform the licensee that his or her license will continue
16 in its existing status for no more than 150 calendar days from the
17 date of mailing or service of the notice and thereafter will be
18 suspended indefinitely unless, during the 150-day notice period,
19 the board has received a release from the local child support agency
20 that submitted the name on the certified list. Additionally, the
21 notice shall inform the licensee that any license suspended under
22 this section will remain so until the expiration of the remaining
23 license term, unless the board receives a release along with
24 applications and fees, if applicable, to reinstate the license during
25 the license term.

26 (3) The notice shall also inform the applicant or licensee that if
27 an application is denied or a license is suspended pursuant to this
28 section, any funds paid by the applicant or licensee shall not be
29 refunded by the board. The Department of Child Support Services
30 shall also develop a form that the applicant shall use to request a
31 review by the local child support agency. A copy of this form shall
32 be included with every notice sent pursuant to this subdivision.

33 (g) (1) Each local child support agency shall maintain review
34 procedures consistent with this section to allow an applicant to
35 have the underlying arrearage and any relevant defenses
36 investigated, to provide an applicant information on the process
37 of obtaining a modification of a support order, or to provide an
38 applicant assistance in the establishment of a payment schedule
39 on arrearages if the circumstances so warrant.

1 (2) It is the intent of the Legislature that a court or local child
2 support agency, when determining an appropriate payment schedule
3 for arrearages, base its decision on the facts of the particular case
4 and the priority of payment of child support over other debts. The
5 payment schedule shall also recognize that certain expenses may
6 be essential to enable an obligor to be employed. Therefore, in
7 reaching its decision, the court or the local child support agency
8 shall consider both of these goals in setting a payment schedule
9 for arrearages.

10 (h) If the applicant wishes to challenge the submission of his
11 or her name on the certified list, the applicant shall make a timely
12 written request for review to the local child support agency who
13 certified the applicant's name. A request for review pursuant to
14 this section shall be resolved in the same manner and timeframe
15 provided for resolution of a complaint pursuant to Section 17800.
16 The local child support agency shall immediately send a release
17 to the appropriate board and the applicant, if any of the following
18 conditions are met:

19 (1) The applicant is found to be in compliance or negotiates an
20 agreement with the local child support agency for a payment
21 schedule on arrearages or reimbursement.

22 (2) The applicant has submitted a request for review, but the
23 local child support agency will be unable to complete the review
24 and send notice of its findings to the applicant within the time
25 specified in Section 17800.

26 (3) The applicant has filed and served a request for judicial
27 review pursuant to this section, but a resolution of that review will
28 not be made within 150 days of the date of service of notice
29 pursuant to subdivision (f). This paragraph applies only if the delay
30 in completing the judicial review process is not the result of the
31 applicant's failure to act in a reasonable, timely, and diligent
32 manner upon receiving the local child support agency's notice of
33 findings.

34 (4) The applicant has obtained a judicial finding of compliance
35 as defined in this section.

36 (i) An applicant is required to act with diligence in responding
37 to notices from the board and the local child support agency with
38 the recognition that the temporary license will lapse or the license
39 suspension will go into effect after 150 days and that the local
40 child support agency and, where appropriate, the court must have

1 time to act within that period. An applicant's delay in acting,
2 without good cause, which directly results in the inability of the
3 local child support agency to complete a review of the applicant's
4 request or the court to hear the request for judicial review within
5 the 150-day period shall not constitute the diligence required under
6 this section which would justify the issuance of a release.

7 (j) Except as otherwise provided in this section, the local child
8 support agency shall not issue a release if the applicant is not in
9 compliance with the judgment or order for support. The local child
10 support agency shall notify the applicant in writing that the
11 applicant may, by filing an order to show cause or notice of motion,
12 request any or all of the following:

13 (1) Judicial review of the local child support agency's decision
14 not to issue a release.

15 (2) A judicial determination of compliance.

16 (3) A modification of the support judgment or order.

17 The notice shall also contain the name and address of the court
18 in which the applicant shall file the order to show cause or notice
19 of motion and inform the applicant that his or her name shall
20 remain on the certified list if the applicant does not timely request
21 judicial review. The applicant shall comply with all statutes and
22 rules of court regarding orders to show cause and notices of motion.

23 This section shall not be deemed to limit an applicant from filing
24 an order to show cause or notice of motion to modify a support
25 judgment or order or to fix a payment schedule on arrearages
26 accruing under a support judgment or order or to obtain a court
27 finding of compliance with a judgment or order for support.

28 (k) The request for judicial review of the local child support
29 agency's decision shall state the grounds for which review is
30 requested and judicial review shall be limited to those stated
31 grounds. The court shall hold an evidentiary hearing within 20
32 calendar days of the filing of the request for review. Judicial review
33 of the local child support agency's decision shall be limited to a
34 determination of each of the following issues:

35 (1) Whether there is a support judgment, order, or payment
36 schedule on arrearages or reimbursement.

37 (2) Whether the petitioner is the obligor covered by the support
38 judgment or order.

39 (3) Whether the support obligor is or is not in compliance with
40 the judgment or order of support.

1 (4) (A) The extent to which the needs of the obligor, taking
2 into account the obligor's payment history and the current
3 circumstances of both the obligor and the obligee, warrant a
4 conditional release as described in this subdivision.

5 (B) The request for judicial review shall be served by the
6 applicant upon the local child support agency that submitted the
7 applicant's name on the certified list within seven calendar days
8 of the filing of the petition. The court has the authority to uphold
9 the action, unconditionally release the license, or conditionally
10 release the license.

11 (C) If the judicial review results in a finding by the court that
12 the obligor is in compliance with the judgment or order for support,
13 the local child support agency shall immediately send a release in
14 accordance with subdivision (I) to the appropriate board and the
15 applicant. If the judicial review results in a finding by the court
16 that the needs of the obligor warrant a conditional release, the court
17 shall make findings of fact stating the basis for the release and the
18 payment necessary to satisfy the unrestricted issuance or renewal
19 of the license without prejudice to a later judicial determination
20 of the amount of support arrearages, including interest, and shall
21 specify payment terms, compliance with which are necessary to
22 allow the release to remain in effect.

23 (I) The department shall prescribe release forms for use by local
24 child support agencies. When the obligor is in compliance, the
25 local child support agency shall mail to the applicant and the
26 appropriate board a release stating that the applicant is in
27 compliance. The receipt of a release shall serve to notify the
28 applicant and the board that, for the purposes of this section, the
29 applicant is in compliance with the judgment or order for support.
30 Any board that has received a release from the local child support
31 agency pursuant to this subdivision shall process the release within
32 five business days of its receipt.

33 If the local child support agency determines subsequent to the
34 issuance of a release that the applicant is once again not in
35 compliance with a judgment or order for support, or with the terms
36 of repayment as described in this subdivision, the local child
37 support agency may notify the board, the obligor, and the
38 department in a format prescribed by the department that the
39 obligor is not in compliance.

1 The department may, when it is economically feasible for the
2 department and the boards to develop an automated process for
3 complying with this subdivision, notify the boards in a manner
4 prescribed by the department, that the obligor is once again not in
5 compliance. Upon receipt of this notice, the board shall
6 immediately notify the obligor on a form prescribed by the
7 department that the obligor's license will be suspended on a
8 specific date, and this date shall be no longer than 30 days from
9 the date the form is mailed. The obligor shall be further notified
10 that the license will remain suspended until a new release is issued
11 in accordance with subdivision (h). Nothing in this section shall
12 be deemed to limit the obligor from seeking judicial review of
13 suspension pursuant to the procedures described in subdivision
14 (k).

15 (m) The department may enter into interagency agreements with
16 the state agencies that have responsibility for the administration
17 of boards necessary to implement this section, to the extent that it
18 is cost effective to implement this section. These agreements shall
19 provide for the receipt by the other state agencies and boards of
20 federal funds to cover that portion of costs allowable in federal
21 law and regulation and incurred by the state agencies and boards
22 in implementing this section. Notwithstanding any other provision
23 of law, revenue generated by a board or state agency shall be used
24 to fund the nonfederal share of costs incurred pursuant to this
25 section. These agreements shall provide that boards shall reimburse
26 the department for the nonfederal share of costs incurred by the
27 department in implementing this section. The boards shall
28 reimburse the department for the nonfederal share of costs incurred
29 pursuant to this section from moneys collected from applicants
30 and licensees.

31 (n) Notwithstanding any other law, in order for the boards
32 subject to this section to be reimbursed for the costs incurred in
33 administering its provisions, the boards may, with the approval of
34 the appropriate department director, levy on all licensees and
35 applicants a surcharge on any fee or fees collected pursuant to law,
36 or, alternatively, with the approval of the appropriate department
37 director, levy on the applicants or licensees named on a certified
38 list or supplemental list, a special fee.

39 (o) The process described in subdivision (h) shall constitute the
40 sole administrative remedy for contesting the issuance of a

1 temporary license or the denial or suspension of a license under
2 this section. The procedures specified in the administrative
3 adjudication provisions of the Administrative Procedure Act
4 (Chapter 4.5 (commencing with Section 11400) and Chapter 5
5 (commencing with Section 11500) of Part 1 of Division 3 of Title
6 2 of the Government Code) shall not apply to the denial,
7 suspension, or failure to issue or renew a license or the issuance
8 of a temporary license pursuant to this section.

9 (p) In furtherance of the public policy of increasing child support
10 enforcement and collections, on or before November 1, 1995, the
11 State Department of Social Services shall make a report to the
12 Legislature and the Governor based on data collected by the boards
13 and the district attorneys in a format prescribed by the State
14 Department of Social Services. The report shall contain all of the
15 following:

16 (1) The number of delinquent obligors certified by district
17 attorneys under this section.

18 (2) The number of support obligors who also were applicants
19 or licensees subject to this section.

20 (3) The number of new licenses and renewals that were delayed,
21 temporary licenses issued, and licenses suspended subject to this
22 section and the number of new licenses and renewals granted and
23 licenses reinstated following board receipt of releases as provided
24 by subdivision (h) by May 1, 1995.

25 (4) The costs incurred in the implementation and enforcement
26 of this section.

27 (q) Any board receiving an inquiry as to the licensed status of
28 an applicant or licensee who has had a license denied or suspended
29 under this section or has been granted a temporary license under
30 this section shall respond only that the license was denied or
31 suspended or the temporary license was issued pursuant to this
32 section. Information collected pursuant to this section by any state
33 agency, board, or department shall be subject to the Information
34 Practices Act of 1977 (Chapter 1 (commencing with Section 1798)
35 of Title 1.8 of Part 4 of Division 3 of the Civil Code).

36 (r) Any rules and regulations issued pursuant to this section by
37 any state agency, board, or department may be adopted as
38 emergency regulations in accordance with the rulemaking
39 provisions of the Administrative Procedure Act (Chapter 3.5
40 (commencing with Section 11340) of Part 1 of Division 3 of Title

1 2 of the Government Code). The adoption of these regulations
2 shall be deemed an emergency and necessary for the immediate
3 preservation of the public peace, health, and safety, or general
4 welfare. The regulations shall become effective immediately upon
5 filing with the Secretary of State.

6 (s) The department and boards, as appropriate, shall adopt
7 regulations necessary to implement this section.

8 (t) The Judicial Council shall develop the forms necessary to
9 implement this section, except as provided in subdivisions (f) and
10 (l).

11 (u) The release or other use of information received by a board
12 pursuant to this section, except as authorized by this section, is
13 punishable as a misdemeanor.

14 (v) The State Board of Equalization shall enter into interagency
15 agreements with the department and the Franchise Tax Board that
16 will require the department and the Franchise Tax Board to
17 maximize the use of information collected by the State Board of
18 Equalization, for child support enforcement purposes, to the extent
19 it is cost effective and permitted by the Revenue and Taxation
20 Code.

21 (w) (1) The suspension or revocation of any driver's license,
22 including a commercial driver's license, under this section shall
23 not subject the licensee to vehicle impoundment pursuant to Section
24 14602.6 of the Vehicle Code.

25 (2) Notwithstanding any other law, the suspension or revocation
26 of any driver's license, including a commercial driver's license,
27 under this section shall not subject the licensee to increased costs
28 for vehicle liability insurance.

29 (x) If any provision of this section or the application thereof to
30 any person or circumstance is held invalid, that invalidity shall not
31 affect other provisions or applications of this section which can
32 be given effect without the invalid provision or application, and
33 to this end the provisions of this section are severable.

34 (y) All rights to administrative and judicial review afforded by
35 this section to an applicant shall also be afforded to a licensee.

36 SEC. 3. Section 19528 of the Revenue and Taxation Code is
37 amended to read:

38 19528. (a) Notwithstanding any other law, the Franchise Tax
39 Board may require any board, as defined in Section 22 of the
40 Business and Professions Code, and the State Bar, the Bureau of

1 Real Estate, and the Insurance Commissioner (hereinafter referred
2 to as licensing board) to provide to the Franchise Tax Board the
3 following information with respect to every licensee:

- 4 (1) Name.
- 5 (2) Address or addresses of record.
- 6 (3) Federal employer identification number, if the licensee is a
7 partnership, or the licensee's individual taxpayer identification
8 number or social security number, if any has been issued, of all
9 other licensees.
- 10 (4) Type of license.
- 11 (5) Effective date of license or renewal.
- 12 (6) Expiration date of license.
- 13 (7) Whether license is active or inactive, if known.
- 14 (8) Whether license is new or renewal.

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

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

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

32 (c) Notwithstanding Chapter 3.5 (commencing with Section
33 6250) of Division 7 of Title 1 of the Government Code, the
34 information furnished to the Franchise Tax Board pursuant to
35 Section 30 of the Business and Professions Code or Section 1666.5
36 of the Insurance Code shall not be deemed to be a public record
37 and shall not be open to the public for inspection.

O

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
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Attachment 5

June 18, 2014

Senator Ricardo Lara
State Capitol
Sacramento, CA 95814

Bill: SB 1159

Dear Senator Lara:

At its May 29, 2014 meeting, the California Board of Accountancy (CBA) voted to communicate its concerns regarding SB 1159 directly to you rather than take a position on the bill.

SB 1159 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).

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, in the case of *In re Sergio C. Garcia on Admission (Garcia -- 58 Cal.4th 440)*, 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 Business and Professions Code (BPC) section 6064(b) as part of AB 1024, the Court found section 6064 expressly authorized an applicant "who is not lawfully present in the United States." The analysis of SB 1159 states that BPC section 30, which requires a SSN at the time of license application, is inconsistent with these new provisions as undocumented immigrants do not possess a SSN.

However, if the CBA were to license an individual that provided a federal taxpayer identification number, it would be in violation of federal law. Pursuant to Section 1621 of the Personal Responsibility and Work Reconciliation Act of 1996 ("1996 Act"), federal law prohibits the conferral of a "State or local public benefit" on an undocumented immigrant including a "professional license" "provided by an agency of the State or local government or by appropriated funds of a State or local government" (8 U.S.C. §1621(c)(1)(A)). However, the 1996 Act provides an exception to this rule. Section 1621(d) provides: "A State may provide that an alien who is not lawfully present in the United States is eligible for any State or local public benefit for which such alien would otherwise be ineligible under subsection (a) only through the enactment of a State law

June 18, 2014

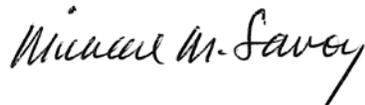
Page 2

after the date of the enactment of this Act which affirmatively provides for such eligibility.”

AB 1024 gave the State Bar specific authority to license undocumented immigrants, excepting the State Bar from the prohibition in federal law. As SB 1159 does not grant this same type of *affirmative* eligibility authority to other boards or bureaus, the CBA, and all boards and bureaus, will be placed in a situation where they may accept a federal taxpayer identification number on an application, but then must deny them licensure due to the federal law. Without current statutory authority to issue a professional license to an individual not lawfully present in the United States, SB 1159 does not achieve its objective and makes it impossible for the CBA to comply with the mandates of both state and federal law.

The CBA is not taking a support or oppose position on the SB 1159 at this time in order to provide time for discussions to occur regarding these concerns.

Sincerely,

A handwritten signature in black ink that reads "Michael M. Savoy". The signature is written in a cursive style with a prominent initial "M".

Michael M. Savoy, CPA
CBA President

c: Members, California Board of Accountancy
Patti Bowers, Executive Officer

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN ASSEMBLY JUNE 9, 2014

AMENDED IN SENATE MAY 1, 2014

SENATE BILL

No. 1467

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

March 25, 2014

An act to amend Sections 5000, 5070, 5070.5, 5093, 5096, 5096.4, 6730.2, 6735, 6759, 7011.4, ~~7685~~, 7842, 7860, 8771, 17901, 17913, 17914, 17916, and 22454 of, and to add Sections 7864 and 8725.1 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

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

(1) Under existing law, the California Board of Accountancy licenses and regulates accountants. *The board consists of 15 members, and of those the Governor is required to appoint 7 members who are licensees representing a cross section of the accounting profession with at least 2 members representing a small public professional firm, as defined.* 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 *delete the requirement that 2 of the board members represent a small public professional firm.* The 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 6-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 at least once every 6 months, as specified, 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 for Professional Engineers, Land Surveyors, and Geologists. Existing law requires all civil engineering plans, calculations, specifications, and reports to be prepared by, or under the responsible charge of, a licensed civil engineer, as specified.

This bill would require all civil engineering plans, calculations, specifications, and reports for the construction of all hospitals and other medical facilities having surgery and emergency treatment areas, and all public school facilities, to be prepared by, or under the responsible charge of, a licensed civil engineer who is also licensed as a structural engineer.

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 provisions.

~~(4) Existing law, the Funeral Directors and Embalmers Law, regulates licensed funeral establishments and requires that they be operated by a licensed funeral director who is required to provide written information regarding funeral services and prices to consumers, as specified. Existing law requires a licensed funeral establishment that maintains an Internet Web site to also post on its Internet Web site the list of funeral goods and services that are required to be included in its general price list, as specified, and requires that information to be provided by a link from the homepage of its Internet Web site, except as specified. A violation of the act is a misdemeanor.~~

~~This bill would require that link to use the words "price information" or a similar phrase that includes the word "price." Because the bill would establish a new crime, the bill would create a state-mandated local program.~~

~~(5)~~

(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 and geologists-in-training. Existing law 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.

Existing law, under the Geologist and Geophysicist Act, sets forth procedures for the discipline of a registrant or certificate holder, as specified, subject to provisions governing administrative proceedings.

This bill would set forth additional procedures that would apply to a registrant or certificate holder who has been subject to discipline and who petitions the board for reinstatement or modification of penalty, as specified.

(6)

(5) Existing law, the Professional Land Surveyors' Act, provides for the licensing and regulation of professional land surveyors by the Board for Professional Engineers, Land Surveyors, and Geologists. The act requires that land survey monuments be set sufficient in number and durability and efficiently placed so as not to be readily disturbed and to assure the perpetuation or easy reestablishment of a survey point or line. The act makes a violation of its provisions a misdemeanor.

The Professional Engineers Act provides for the licensing and regulation of professional engineers by the Board for Professional Engineers, Land Surveyors, and Geologists. The act states the intent of the Legislature that the act's registration requirements that are imposed on private professional engineers are also imposed on public entities and requires that at least one registered engineer be designated the person in responsible charge of professional engineering work for each branch of professional engineering practiced in any department or agency of the state, city, county, or city and county. The act makes a violation of its provisions a misdemeanor.

This bill would require that at least one person authorized to practice land surveying be designated the person in responsible charge of professional land surveying work practiced in any department or agency of the state, city, county, city and county, district, or special district. The bill would revise nomenclature associated with actions that affect land survey monuments. The bill would require that the governmental agency performing or permitting construction or maintenance work be responsible for ensuring that the landowner or governmental agency performing the work provides for monument perpetuation. The bill would require that the designated person in responsible charge of professional engineering work for a governmental entity, pursuant to the Professional Engineers Act, be responsible for the requirements associated with monuments under the Professional Land Surveyors' Act, as described above. By creating new duties for local officials and expanding the definition of a crime, the bill would impose a state-mandated local program.

(7)

(6) Existing law requires a person transacting business in the state under a fictitious name, as defined, to file, with the county clerk of the county where the business is located, a statement including specified information and to declare that the information is true and correct. Existing law requires that a registrant or an agent filing on behalf of a registrant present a California driver's license or other personal government identification acceptable to the county clerk to adequately determine the registrant's identity or agent's identity, as specified. Existing law authorizes the county clerk to require the registrant to complete and sign an affidavit of identity statement on a form prescribed by the county clerk, and to require an agent submitting the filings on behalf of a registrant to also complete and sign an affidavit of identity statement declaring that the registrant has authorized the agent to make the filings on behalf of the registrant. Existing law requires a registrant that is a corporation, limited liability company, or limited liability partnership, and that is required by the county clerk to file an affidavit of identity statement, to submit with its affidavit a certificate of status issued by the Secretary of State certifying to that business entity's existence and good standing.

This bill would instead authorize the county clerk to require a registrant that is a corporation, limited partnership, limited liability company, or limited liability partnership to submit documentary evidence issued by the Secretary of State indicating the current existence and good standing of that business entity, deemed acceptable by the county clerk, with a notarized affidavit of identity. The bill would further authorize the county clerk to require an agent filing on behalf of the registrant to submit a notarized statement signed by the registrant declaring the registrant has authorized the agent to submit the filing. The bill would also make clarifying changes to these provisions.

~~(8)~~

(7) Existing law defines and regulates the activities of professional photocopiers, as defined. Existing law requires a professional photocopier to be registered by the county clerk, and provides that a certificate of registration is effective for a 2-year period. Existing law also requires at least one person involved in the management of a professional photocopier to be a licensed notary public. Failure to comply with these provisions is a misdemeanor.

This bill would require the notary commission to remain valid during the 2-year period that the professional photocopier's certificate of registration is effective. The bill would also require the registrant to

notify the county clerk and provide an updated valid notary commission if the commission expires prior to the expiration of the certificate of registration. By expanding a crime, the bill would create a state-mandated local program.

(9)

(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(10)

(9) 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 mail 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: yes.

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

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

6 SEC. 2. Section 5000 of the Business and Professions Code is
7 amended to read:

8 5000. (a) There is in the Department of Consumer Affairs the
9 California Board of Accountancy, which consists of 15 members,
10 7 of whom shall be licensees, and 8 of whom shall be public

1 members who shall not be licentiates of the board or registered by
2 the board. The board has the powers and duties conferred by this
3 chapter.

4 ~~The~~

5 (b) *The* Governor shall appoint four of the public members, and
6 the seven licensee members as provided in this section. The Senate
7 Committee on Rules and the Speaker of the Assembly shall each
8 appoint two public members. In appointing the seven licensee
9 members, the Governor shall appoint ~~members~~ *individuals*
10 representing a cross section of the accounting profession with at
11 least two members representing a small public accounting firm.
12 ~~For the purposes of this chapter, a small public accounting firm~~
13 ~~shall be defined as a professional firm that employs a total of no~~
14 ~~more than four licensees as partners, owners, or full-time~~
15 ~~employees in the practice of public accountancy within the State~~
16 ~~of California.~~ *profession.*

17 ~~This~~

18 (c) *This* section shall remain in effect only until January 1, 2016,
19 and as of that date is repealed, unless a later enacted statute, that
20 is enacted before January 1, 2016, deletes or extends that date.

21 ~~Notwithstanding~~

22 (d) *Notwithstanding* any other provision of law, the repeal of
23 this section renders the board subject to review by the appropriate
24 policy committees of the Legislature. However, the review of the
25 board shall be limited to reports or studies specified in this chapter
26 and those issues identified by the appropriate policy committees
27 of the Legislature and the board regarding the implementation of
28 new licensing requirements.

29 ~~SEC. 2.~~

30 *SEC. 3.* Section 5070 of the Business and Professions Code is
31 amended to read:

32 5070. (a) Permits to engage in the practice of public
33 accountancy in this state shall be issued by the board only to
34 holders of the certificate of certified public accountant issued under
35 this chapter and to those partnerships, corporations, and other
36 persons who, upon application approved by the board, are
37 registered with the board under this chapter. Notwithstanding any
38 other law, the board may register an entity organized and authorized
39 to practice public accountancy under the laws of another state for
40 the purpose of allowing that entity to satisfy the registration

1 requirement set forth in Section 5096.12, if (1) the certified public
2 accountants providing services in California qualify for the practice
3 privilege, and (2) the entity satisfies all other requirements to
4 register in this state, other than its form of legal organization.

5 (b) All applicants for registration shall furnish satisfactory
6 evidence that the applicant is entitled to registration and shall pay
7 the fee as provided in Article 8 (commencing with Section 5130).
8 Every partnership, corporation, and other person to whom a permit
9 is issued shall, in addition to any other fee that may be payable,
10 pay the initial permit fee provided in Article 8 (commencing with
11 Section 5130).

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

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

25 ~~SEC. 3.~~

26 *SEC. 4.* Section 5070.5 of the Business and Professions Code
27 is amended to read:

28 5070.5. (a) (1) A permit issued under this chapter to a certified
29 public accountant or a public accountant expires at 12 midnight
30 on the last day of the month of the legal birthday of the licensee
31 during the second year of a two-year term if not renewed.

32 (2) To renew an unexpired permit, a permitholder shall, before
33 the time at which the permit would otherwise expire, apply for
34 renewal on a form prescribed by the board, pay the renewal fee
35 prescribed by this chapter, and give evidence satisfactory to the
36 board that he or she has complied with the continuing education
37 provisions of this chapter.

38 (3) The board may collect, but shall not require, a valid
39 electronic mail address on the renewal form described in paragraph
40 (1). In the interest of protecting an applicant's privacy, the

1 electronic mail address shall not be considered a public record and
2 shall not be disclosed pursuant to Section 27 or pursuant to a
3 request under the California Public Records Act (Chapter 3.5
4 (commencing with Section 6250) of Division 7 of Title 1 of the
5 Government Code), unless required pursuant to a court order by
6 a court of competent jurisdiction.

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

17 ~~SEC. 4.~~

18 *SEC. 5.* Section 5093 of the Business and Professions Code is
19 amended to read:

20 5093. (a) To qualify for the certified public accountant license,
21 an applicant who is applying under this section shall meet the
22 education, examination, and experience requirements specified in
23 subdivisions (b), (c), and (d), or otherwise prescribed pursuant to
24 this article. The board may adopt regulations as necessary to
25 implement this section.

26 (b) (1) An applicant for admission to the certified public
27 accountant examination under this section shall present satisfactory
28 evidence that the applicant has completed a baccalaureate or higher
29 degree conferred by a degree-granting university, college, or other
30 institution of learning accredited by a regional or national
31 accrediting agency included in a list of these agencies published
32 by the United States Secretary of Education under the requirements
33 of the federal Higher Education Act of 1965 as amended (20 U.S.C.
34 Sec. 1001 et seq.), or meeting, at a minimum, the standards
35 described in subdivision (c) of Section 5094. The total educational
36 program shall include a minimum of 24 semester units in
37 accounting subjects and 24 semester units in business-related
38 subjects. This evidence shall be provided at the time of application
39 for admission to the examination, except that an applicant who
40 applied, qualified, and sat for at least two subjects of the

1 examination for the certified public accountant license before May
2 15, 2002, may provide this evidence at the time of application for
3 licensure.

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

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

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

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

27 (B) The total educational program for an applicant described in
28 subparagraph (A) shall include a minimum of 24 semester units
29 in accounting subjects and 24 semester units in business-related
30 subjects. This evidence shall be provided at the time of application
31 for admission to the examination, except that an applicant who
32 applied, qualified, and sat for at least two subjects of the
33 examination for the certified public accountant license before May
34 15, 2002, may provide this evidence at the time of application for
35 licensure.

36 (2) An applicant for issuance of the certified public accountant
37 license under this section shall present satisfactory evidence that
38 the applicant has completed at least 150 semester units of college
39 education, including a baccalaureate or higher degree conferred
40 by a college or university, meeting, at a minimum, the standards

1 described in Section 5094, the total educational program to include
2 a minimum of 24 semester units in accounting subjects, 24 semester
3 units in business-related subjects, and, after December 31, 2013,
4 shall also include a minimum of 10 units of ethics study consistent
5 with the requirements set forth in Section 5094.3 and 20 units of
6 accounting study consistent with the regulations promulgated under
7 subdivision (c) of Section 5094.6. This evidence shall be presented
8 at the time of application for the certified public accountant license.
9 Nothing in this paragraph shall be deemed inconsistent with Section
10 5094 or 5094.6. Nothing in this paragraph shall be construed to
11 be inconsistent with prevailing academic practice regarding the
12 completion of units.

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

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

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

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

31 (e) Applicants completing education at a college or university
32 located outside of this state, meeting, at a minimum, the standards
33 described in Section 5094, shall be deemed to meet the educational
34 requirements of this section if the board determines that the
35 education is substantially equivalent to the standards of education
36 specified under this chapter.

37 (f) An applicant who has successfully passed the examination
38 requirement specified under Section 5082 on or before December
39 31, 2013, may qualify for the certified public accountant license
40 without satisfying the 10 semester units of study set forth in Section

1 5094.3 or 20 semester units of accounting study consistent with
2 the regulations promulgated under Section 5094.6, if the applicant
3 completes all other requirements for the issuance of a license on
4 or before December 31, 2015.

5 ~~SEC. 5.~~

6 *SEC. 6.* Section 5096 of the Business and Professions Code,
7 as amended by Section 3 of Chapter 319 of the Statutes of 2013,
8 is amended to read:

9 5096. (a) An individual whose principal place of business is
10 not in this state and who has a valid and current license, certificate,
11 or permit to practice public accountancy from another state may,
12 subject to the conditions and limitations in this article, engage in
13 the practice of public accountancy in this state under a practice
14 privilege without obtaining a certificate or license under this
15 chapter if the individual satisfies one of the following:

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

19 (2) The individual has a license, certificate, or permit from a
20 state that has been determined by the board to have education,
21 examination, and experience qualifications for licensure
22 substantially equivalent to this state's qualifications under Section
23 5093.

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

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

33 (c) An individual who qualifies for the practice privilege under
34 this section may engage in the practice of public accountancy in
35 this state, and a notice, fee, or other requirement shall not be
36 imposed on that individual by the board.

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

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

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

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

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

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

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

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

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

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

39 (6) Shall cease exercising the practice privilege in this state if
40 the regulatory agency in the state in which the individual's

1 certificate, license, or permit was issued takes disciplinary action
2 resulting in the suspension or revocation, including stayed
3 suspension, stayed revocation, or probation of the individual's
4 certificate, license, or permit, or takes other disciplinary action
5 against the individual's certificate, license, or permit that arises
6 from any of the following:

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

9 (B) Fraud or misappropriation of funds.

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

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

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

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

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

29 (f) An individual who is required to cease practice pursuant to
30 paragraphs (6) to (9), inclusive, of subdivision (e) shall notify the
31 board within 15 calendar days, on a form prescribed by the board,
32 and shall not practice public accountancy in this state pursuant to
33 this section until he or she has received from the board written
34 permission to do so.

35 (g) An individual who fails to cease practice as required by
36 subdivision (e) or who fails to provide the notice required by
37 subdivision (f) shall be subject to the personal and subject matter
38 jurisdiction and disciplinary authority of the board as if the practice
39 privilege were a license and the individual were a licensee. An
40 individual in violation of subdivision (e) or (f) shall, for a minimum

1 of one year from the date the board learns there has been a violation
2 of subdivision (e) or (f), not practice in this state and shall not have
3 the possibility of reinstatement during that period. If the board
4 determines that the failure to cease practice or provide the notice
5 was intentional, that individual's practice privilege shall be revoked
6 and there shall be no possibility of reinstatement for a minimum
7 of two years.

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

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

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

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

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

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

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

34 (2) An individual who fails to cease practice as required by
35 subdivision (e) or who fails to provide the notice required by
36 paragraph (1) shall be subject to the personal and subject matter
37 jurisdiction and disciplinary authority of the board as if the practice
38 privilege were a license and the individual were a licensee. An
39 individual in violation of subdivision (e) or paragraph (1) shall,
40 for a minimum of one year from the date the board knows there

1 has been a violation of subdivision (e) or paragraph (1), not practice
2 in this state and shall not have the possibility of reinstatement
3 during that period. If the board determines that the failure to cease
4 practice or provide the notice was intentional, that individual shall
5 be prohibited from practicing in this state in the same manner as
6 if a licensee has his or her practice privilege revoked and there
7 shall be no possibility of reinstatement for a minimum of two years.

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

11 ~~SEC. 6.~~

12 *SEC. 7.* Section 5096.4 of the Business and Professions Code,
13 as added by Section 20 of Chapter 411 of the Statutes of 2012, is
14 amended to read:

15 5096.4. (a) The right of an individual to practice in this state
16 under a practice privilege may be administratively suspended at
17 any time by an order issued by the board or its executive officer,
18 without prior notice or hearing, for the purpose of conducting a
19 disciplinary investigation, proceeding, or inquiry concerning the
20 individual's competence or qualifications to practice under practice
21 privileges, failure to timely respond to a board inquiry or request
22 for information or documents, or under other conditions and
23 circumstances provided for by board regulation. The board shall
24 consult the Public Company Accounting Oversight Board and the
25 United States Securities and Exchange Commission at least once
26 every six months to identify out-of-state licensees who may have
27 disqualifying conditions or who may be obliged to cease practice,
28 and shall disclose, pursuant to this subdivision, whether those
29 out-of-state licensees are lawfully permitted to exercise the
30 privilege. Disclosure of this information shall not be considered
31 discipline.

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

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

37 (1) The reason for the suspension.

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

1 (3) A statement that any appeal hearing will be conducted under
2 the provisions of the Administrative Procedure Act (Chapter 3.5
3 (commencing with Section 11340) of Part 1 of Division 3 of Title
4 2 of the Government Code) applicable to individuals who are
5 denied licensure, including the filing of a statement of issues by
6 the board setting forth the reasons for the administrative suspension
7 of practice privileges and specifying the statutes and rules with
8 which the individual must show compliance by producing proof
9 at the hearing and in addition any particular matters that have come
10 to the attention of the board and that would authorize the
11 administrative suspension, or the revocation of practice privileges.

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

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

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

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

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

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

27 ~~SEC. 7.~~

28 *SEC. 8.* Section 5096.4 of the Business and Professions Code,
29 as added by Section 21 of Chapter 411 of the Statutes of 2012, is
30 amended to read:

31 5096.4. (a) The right of an individual to practice in this state
32 under a practice privilege may be administratively suspended at
33 any time by an order issued by the board or its executive officer,
34 without prior notice or hearing, for the purpose of conducting a
35 disciplinary investigation, proceeding, or inquiry concerning the
36 representations made in the notice, the individual's competence
37 or qualifications to practice under practice privileges, failure to
38 timely respond to a board inquiry or request for information or
39 documents, or under other conditions and circumstances provided
40 for by board regulation.

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

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

6 (1) The reason for the suspension.

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

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

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

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

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

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

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

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

1 ~~SEC. 8.~~

2 *SEC. 9.* Section 6730.2 of the Business and Professions Code
3 is amended to read:

4 6730.2. (a) It is the intent of the Legislature that the registration
5 requirements that are imposed upon private sector professional
6 engineers and engineering partnerships, firms, or corporations
7 shall be imposed upon the state and any city, county, or city and
8 county that shall adhere to those requirements. Therefore, for the
9 purposes of Section 6730 and this chapter, at least one registered
10 engineer shall be designated the person in responsible charge of
11 professional engineering work for each branch of professional
12 engineering practiced in any department or agency of the state,
13 city, county, or city and county.

14 (b) Any department or agency of the state or any city, county,
15 or city and county that has an unregistered person in responsible
16 charge of engineering work on January 1, 1985, shall be exempt
17 from this requirement until that time as the person currently in
18 responsible charge is replaced.

19 (c) The designated person in responsible charge of professional
20 engineering work of any department or agency of the state, city,
21 county, city and county, district, or special district pursuant to this
22 section is responsible for ensuring compliance with subdivisions
23 (b) and (c) of Section 8771.

24 ~~SEC. 9.~~

25 *SEC. 10.* Section 6735 of the Business and Professions Code
26 is amended to read:

27 6735. (a) All civil (including structural and geotechnical)
28 engineering plans, calculations, specifications, and reports
29 (hereinafter referred to as “documents”) shall be prepared by, or
30 under the responsible charge of, a licensed civil engineer and shall
31 include his or her name and license number. Interim documents
32 shall include a notation as to the intended purpose of the document,
33 such as “preliminary,” “not for construction,” “for plan check
34 only,” or “for review only.” All civil engineering plans and
35 specifications that are permitted or that are to be released for
36 construction shall bear the signature and seal or stamp of the
37 licensee and the date of signing and sealing or stamping. All final
38 civil engineering calculations and reports shall bear the signature
39 and seal or stamp of the licensee, and the date of signing and
40 sealing or stamping. If civil engineering plans are required to be

1 signed and sealed or stamped and have multiple sheets, the
2 signature, seal or stamp, and date of signing and sealing or
3 stamping shall appear on each sheet of the plans. If civil
4 engineering specifications, calculations, and reports are required
5 to be signed and sealed or stamped and have multiple pages, the
6 signature, seal or stamp, and date of signing and sealing or
7 stamping shall appear at a minimum on the title sheet, cover sheet,
8 or signature sheet.

9 (b) All civil engineering plans, calculations, specifications, and
10 reports for the construction of the following structures shall be
11 prepared by, or under the responsible charge of, a licensed civil
12 engineer who is also licensed as a structural engineer in accordance
13 with Section 6736:

14 (1) Hospitals and other medical facilities having surgery and
15 emergency treatment areas, as provided under Part 7 (commencing
16 with Section 129675) of Division 107 of the Health and Safety
17 Code.

18 (2) All public school facilities, as provided under Chapter 3
19 (commencing with Section 17251) of Part 10.5 of Division 1 of
20 Title 1 of the Education Code.

21 (c) Notwithstanding subdivision (a) or (b), a licensed civil
22 engineer who signs civil engineering documents shall not be
23 responsible for damage caused by subsequent changes to or uses
24 of those documents, if the subsequent changes or uses, including
25 changes or uses made by state or local governmental agencies, are
26 not authorized or approved by the licensed civil engineer who
27 originally signed the documents, provided that the engineering
28 service rendered by the civil engineer who signed the documents
29 was not also a proximate cause of the damage.

30 ~~SEC. 10.~~

31 *SEC. 11.* Section 6759 of the Business and Professions Code
32 is amended to read:

33 6759. The board, upon application therefor, on its prescribed
34 form, and the payment of the fee fixed by this chapter, may issue
35 a certificate of registration as a professional engineer, without
36 written examination, to any person holding a certificate of
37 registration issued to him or her by any state or country when the
38 applicant's qualifications meet the requirements of this chapter
39 and rules established by the board. The board shall not require a
40 comity applicant to meet any requirement not required of California

1 applicants. For purposes of this section, equivalent second division
 2 examinations shall be written examinations prepared by or
 3 administered by a state or territory either by single or combined
 4 branch at the level generally administered by the board to persons
 5 who passed or were exempted from the first division examination.
 6 Applicants who have passed an equivalent second division
 7 combined branch or a single branch examination in a branch not
 8 recognized for registration in California shall be registered in the
 9 branch in which their experience and education indicate the closest
 10 relationship.

11 ~~SEC. 11.~~

12 *SEC. 12.* Section 7011.4 of the Business and Professions Code
 13 is amended to read:

14 7011.4. (a) Notwithstanding Section 7011, there is in the
 15 Contractors' State License Board, a separate enforcement division
 16 that shall rigorously enforce this chapter prohibiting all forms of
 17 unlicensed activity.

18 (b) Persons employed as enforcement representatives of the
 19 Contractors' State License Board and designated by the Director
 20 of Consumer Affairs shall have the authority to issue a written
 21 notice to appear in court pursuant to Chapter 5c (commencing with
 22 Section 853.5) of Title 3 of Part 2 of the Penal Code. An employee
 23 so designated is not a peace officer and is not entitled to safety
 24 member retirement benefits as a result of that designation. He or
 25 she does not have the power of arrest.

26 ~~SEC. 12.~~ ~~Section 7685 of the Business and Professions Code~~
 27 ~~is amended to read:~~

28 ~~7685. (a) (1) Every funeral director shall provide to any~~
 29 ~~person, upon beginning discussion of prices or of the funeral goods~~
 30 ~~and services offered, a written or printed list containing, but not~~
 31 ~~necessarily limited to, the price for professional services offered,~~
 32 ~~which may include the funeral director's services, the preparation~~
 33 ~~of the body, the use of facilities, and the use of automotive~~
 34 ~~equipment. All services included in this price or prices shall be~~
 35 ~~enumerated. The funeral director shall also provide a statement on~~
 36 ~~that list that gives the price range for all caskets offered for sale.~~

37 ~~(2) The list shall also include a statement indicating that the~~
 38 ~~survivor of the deceased who is handling the funeral arrangements,~~
 39 ~~or the responsible party, is entitled to receive, prior to the drafting~~
 40 ~~of any contract, a copy of any preneed agreement that has been~~

1 signed and paid for, in full or in part, by or on behalf of the
2 deceased, and that is in the possession of the funeral establishment.

3 ~~(3) The funeral director shall also provide a written statement~~
4 ~~or list that, at a minimum, specifically identifies a particular casket~~
5 ~~or caskets by price and by thickness of metal, or type of wood, or~~
6 ~~other construction, interior and color, in addition to other casket~~
7 ~~identification requirements under Part 453 of Title 16 of the Code~~
8 ~~of Federal Regulations and any subsequent version of this~~
9 ~~regulation, when a request for specific information on a casket or~~
10 ~~caskets is made in person by any individual. Prices of caskets and~~
11 ~~other identifying features such as thickness of metal, or type of~~
12 ~~wood, or other construction, interior and color, in addition to other~~
13 ~~casket identification requirements required to be given over the~~
14 ~~telephone by Part 453 of Title 16 of the Code of Federal~~
15 ~~Regulations and any subsequent version of this regulation, shall~~
16 ~~be provided over the telephone, if requested.~~

17 ~~(b) (1) Each licensed funeral establishment that maintains an~~
18 ~~Internet Web site shall post on its Internet Web site the list of~~
19 ~~funeral goods and services that are required to be included in the~~
20 ~~establishment's general price list, pursuant to federal rule, and a~~
21 ~~statement that the general price list is available upon request.~~

22 ~~(2) Information posted pursuant to paragraph (1) shall be~~
23 ~~provided by a link from the home page of the Internet Web site~~
24 ~~using the words "price information" or a similar phrase that~~
25 ~~includes the word "price."~~

26 ~~(3) An establishment that posts on its Internet Web site home~~
27 ~~page the words "price information" or a similar phrase that includes~~
28 ~~the word "price," with a link that leads to the establishment's~~
29 ~~general price list, need not comply with paragraph (1) or (2).~~

30 ~~(4) Nothing in this subdivision shall be construed to affect an~~
31 ~~establishment's obligations under federal or state law effective~~
32 ~~prior to January 1, 2013.~~

33 SEC. 13. Section 7842 of the Business and Professions Code
34 is amended to read:

35 7842. An applicant for certification in a specialty in geology
36 shall meet all of the requirements of Section 7841 and, in addition,
37 his or her seven years of professional geological work shall include
38 one of the following:

39 (a) A minimum of three years performed under the supervision
40 of a geologist certified in the specialty for which the applicant is

1 seeking certification or under the supervision of a registered civil
2 engineer if the applicant is seeking certification as an engineering
3 geologist, except that prior to July 1, 1970, professional geological
4 work shall qualify under this subdivision if it is performed under
5 the supervision of a geologist qualified in the specialty for which
6 the applicant is seeking certification or under the supervision of a
7 registered civil engineer if the applicant is seeking certification as
8 an engineering geologist.

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

12 SEC. 14. Section 7860 of the Business and Professions Code
13 is amended to read:

14 7860. (a) The board may, upon its own initiative or upon the
15 receipt of a complaint, investigate the actions of any professional
16 geologist or geophysicist, and make findings thereon.

17 (b) By a majority vote, the board may publicly reprove, suspend
18 for a period not to exceed two years, or revoke the certificate of
19 any geologist or geophysicist registered hereunder, on any of the
20 following grounds:

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

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

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

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

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

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

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

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

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

4 SEC. 15. Section 7864 is added to the Business and Professions
5 Code, to read:

6 7864. (a) A petitioner may petition the board for reinstatement
7 or modification of penalty, including reduction, modification, or
8 termination of probation, after the following minimum periods
9 have elapsed from the effective date of the decision ordering the
10 disciplinary action, or if the order of the board or any portion of
11 it is stayed by a court, from the date the disciplinary action is
12 actually implemented in its entirety:

13 (1) Except as otherwise provided in this section, at least three
14 years for reinstatement of a certificate that was revoked or
15 surrendered. However, the board may, in its sole discretion, specify
16 in its order of revocation or surrender a lesser period of time that
17 shall be at a minimum of one year.

18 (2) At least two years for early termination of a probation period
19 of three years or more.

20 (3) At least one year for early termination of a probation period
21 of less than three years.

22 (4) At least one year for reduction or modification of a condition
23 of probation.

24 (b) The board shall notify the Attorney General of the filing of
25 the petition. The petitioner and the Attorney General shall be given
26 timely notice by letter of the time and place of the hearing on the
27 petition, and the petitioner and the Attorney General shall be given
28 the opportunity to present both oral and documentary evidence
29 and argument to the board. The petitioner shall at all times have
30 the burden of proof to establish by clear and convincing evidence
31 that he or she is entitled to the relief sought in the petition.

32 (c) The board itself or an administrative law judge, if one is
33 designated by the board, shall hear the petition and shall prepare
34 a written decision setting forth the reasons supporting the decision.

35 (d) The board may grant or deny the petition or may impose
36 any terms and conditions that it reasonably deems appropriate as
37 a condition of reinstatement or reduction or modification of the
38 penalty.

39 (e) A petition shall not be considered while the petitioner is
40 under sentence for any criminal offense, including any period

1 during which the petitioner is on court-imposed probation or parole.
2 A petition shall not be considered while there is an accusation or
3 petition to revoke probation pending against the petitioner.

4 (f) The board may, in its discretion, deny without hearing or
5 argument any petition that is filed pursuant to this section within
6 a period of two years from the effective date of a prior decision
7 following a hearing under this section.

8 (g) Judicial review of the board's decision following a hearing
9 under this section may be sought by way of a petition for writ of
10 administrative mandamus pursuant to Section 1094.5 of the Code
11 of Civil Procedure. The party seeking to overturn the board's
12 decision shall have the burden of proof in any mandamus
13 proceeding. In the mandamus proceeding, if it is alleged that there
14 has been an abuse of discretion because the board's findings are
15 not supported by the evidence, abuse of discretion is established
16 if the court determines that the findings are not supported by
17 substantial evidence in light of the whole record.

18 (h) The following definitions shall apply for purposes of this
19 section:

20 (1) "Certificate" includes a certificate of registration or license
21 as a professional geologist or professional geophysicist or
22 certification as a geologist-in-training.

23 (2) "Petitioner" means a professional geologist or professional
24 geophysicist or a geologist-in-training whose certificate has been
25 revoked, suspended, or surrendered or placed on probation.

26 SEC. 16. Section 8725.1 is added to the Business and
27 Professions Code, to read:

28 8725.1. It is the intent of the Legislature that the registration
29 requirements that are imposed upon private sector professional
30 land surveyors and land surveying partnerships, firms, or
31 corporations shall be imposed upon the state and any city, county,
32 and city and county that shall adhere to those requirements.
33 Therefore, for the purposes of Section 8725 and this chapter, at
34 least one person authorized to practice land surveying shall be
35 designated the person in responsible charge of professional land
36 surveying work practiced in any department or agency of the state,
37 city, county, city and county, district, or special district.

38 SEC. 17. Section 8771 of the Business and Professions Code
39 is amended to read:

1 8771. (a) Monuments set shall be sufficient in number and
2 durability and efficiently placed so as not to be readily disturbed,
3 to assure, together with monuments already existing, the
4 perpetuation or facile reestablishment of any point or line of the
5 survey.

6 (b) When monuments exist that control the location of
7 subdivisions, tracts, boundaries, roads, streets, or highways, or
8 provide horizontal or vertical survey control, the monuments shall
9 be located and referenced by or under the direction of a licensed
10 land surveyor or registered civil engineer prior to the time when
11 any streets, highways, other rights-of-way, or easements are
12 improved, constructed, reconstructed, maintained, resurfaced, or
13 relocated, and a corner record or record of survey of the references
14 shall be filed with the county surveyor.

15 (c) A permanent monument shall be reset in the surface of the
16 new construction or a witness monument or monuments set to
17 perpetuate the location if any monument could be destroyed,
18 damaged, covered, disturbed, or otherwise obliterated, and a corner
19 record or record of survey shall be filed with the county surveyor
20 prior to the recording of a certificate of completion for the project.
21 Sufficient controlling monuments shall be retained or replaced in
22 their original positions to enable property, right-of-way and
23 easement lines, property corners, and subdivision and tract
24 boundaries to be reestablished without devious surveys necessarily
25 originating on monuments differing from those that currently
26 control the area.

27 (d) The governmental agency performing or permitting
28 construction or maintenance work is responsible for ensuring that
29 either the governmental agency or landowner performing the
30 construction or maintenance work provides for monument
31 perpetuation required by this section.

32 (e) It shall be the duty of every land surveyor or civil engineer
33 to assist the governmental agency in matters of maps, field notes,
34 and other pertinent records. Monuments set to mark the limiting
35 lines of highways, roads, streets or right-of-way or easement lines
36 shall not be deemed adequate for this purpose, unless specifically
37 noted on the corner record or record of survey of the improvement
38 works with direct ties in bearing or azimuth and distance between
39 these and other monuments of record.

1 (f) The decision to file either the required corner record or a
2 record of survey pursuant to subdivision (b) or (c) shall be at the
3 election of the licensed land surveyor or registered civil engineer
4 submitting the document.

5 SEC. 18. Section 17901 of the Business and Professions Code
6 is amended to read:

7 17901. As used in this chapter, “general partner” means:

8 (a) In the case of a partnership, a general partner, as defined in
9 Section 15901.02 of the Corporations Code.

10 (b) In the case of an unincorporated association other than a
11 partnership, a person interested in the business of the association
12 whose liability with respect to the association is substantially the
13 same as that of a general partner, as defined in Section 15901.02
14 of the Corporations Code.

15 SEC. 19. Section 17913 of the Business and Professions Code
16 is amended to read:

17 17913. (a) The fictitious business name statement shall contain
18 all of the information required by this subdivision and shall be
19 substantially in the following form:

20

21 FICTITIOUS BUSINESS NAME STATEMENT

22 The following person (persons) is (are) doing business as

23 * _____

24 at ** _____:

25 *** _____

26 _____

27 _____

28 _____

29 This business is conducted by **** _____

30 The registrant commenced to transact business under the fictitious business
31 name or names listed above on

32 ***** _____

33 I declare that all information in this statement is true and correct. (A registrant
34 who declares as true any material matter pursuant to Section 17913 of the
35 Business and Professions Code that the registrant knows to be false is guilty
36 of a misdemeanor punishable by a fine not to exceed one thousand dollars
37 (\$1,000).)

38 Registrant signature _____

39 Statement filed with the County Clerk of ____ County on _____

40

1 NOTICE—IN ACCORDANCE WITH SUBDIVISION (a) OF
2 SECTION 17920, A FICTITIOUS NAME STATEMENT
3 GENERALLY EXPIRES AT THE END OF FIVE YEARS FROM
4 THE DATE ON WHICH IT WAS FILED IN THE OFFICE OF
5 THE COUNTY CLERK, EXCEPT, AS PROVIDED IN
6 SUBDIVISION (b) OF SECTION 17920, WHERE IT EXPIRES
7 40 DAYS AFTER ANY CHANGE IN THE FACTS SET FORTH
8 IN THE STATEMENT PURSUANT TO SECTION 17913
9 OTHER THAN A CHANGE IN THE RESIDENCE ADDRESS
10 OF A REGISTERED OWNER. A NEW FICTITIOUS BUSINESS
11 NAME STATEMENT MUST BE FILED BEFORE THE
12 EXPIRATION.

13 THE FILING OF THIS STATEMENT DOES NOT OF ITSELF
14 AUTHORIZE THE USE IN THIS STATE OF A FICTITIOUS
15 BUSINESS NAME IN VIOLATION OF THE RIGHTS OF
16 ANOTHER UNDER FEDERAL, STATE, OR COMMON LAW
17 (SEE SECTION 14411 ET SEQ., BUSINESS AND
18 PROFESSIONS CODE).

19

20 (b) The fictitious business name statement shall contain the
21 following information set forth in the manner indicated in the form
22 provided by subdivision (a):

23 (1) Where the asterisk (*) appears in the form, insert the
24 fictitious business name or names. Only those businesses operated
25 at the same address and under the same ownership may be listed
26 on one fictitious business name statement.

27 (2) Where the two asterisks (**) appear in the form: If the
28 registrant has a place of business in this state, insert the street
29 address, and county, of his or her principal place of business in
30 this state. If the registrant has no place of business in this state,
31 insert the street address, and county, of his or her principal place
32 of business outside this state.

33 (3) Where the three asterisks (***) appear in the form: If the
34 registrant is an individual, insert his or her full name and residence
35 address. If the registrants are a married couple, insert the full name
36 and residence address of both parties to the marriage. If the
37 registrant is a general partnership, copartnership, joint venture, or
38 limited liability partnership, insert the full name and residence
39 address of each general partner. If the registrant is a limited
40 partnership, insert the full name and residence address of each

1 general partner. If the registrant is a limited liability company,
2 insert the name and address of the limited liability company, as
3 set out in its articles of organization on file with the California
4 Secretary of State, and the state of organization. If the registrant
5 is a trust, insert the full name and residence address of each trustee.
6 If the registrant is a corporation, insert the name and address of
7 the corporation, as set out in its articles of incorporation on file
8 with the California Secretary of State, and the state of
9 incorporation. If the registrants are state or local registered
10 domestic partners, insert the full name and residence address of
11 each domestic partner. If the registrant is an unincorporated
12 association other than a partnership, insert the name of each person
13 who is interested in the business of the association and whose
14 liability with respect to the association is substantially the same
15 as that of a general partner.

16 (4) Where the four asterisks (****) appear in the form, insert
17 whichever of the following best describes the nature of the
18 business: (i) “an individual,” (ii) “a general partnership,” (iii) “a
19 limited partnership,” (iv) “a limited liability company,” (v) “an
20 unincorporated association other than a partnership,” (vi) “a
21 corporation,” (vii) “a trust,” (viii) “copartners,” (ix) “a married
22 couple,” (x) “joint venture,” (xi) “state or local registered domestic
23 partners,” or (xii) “a limited liability partnership.”

24 (5) Where the five asterisks (*****) appear in the form, insert
25 the date on which the registrant first commenced to transact
26 business under the fictitious business name or names listed, if
27 already transacting business under that name or names. If the
28 registrant has not yet commenced to transact business under the
29 fictitious business name or names listed, insert the statement, “Not
30 applicable.”

31 (c) The registrant shall declare that all of the information in the
32 fictitious business statement is true and correct. A registrant who
33 declares as true any material matter pursuant to this section that
34 the registrant knows to be false is guilty of a misdemeanor
35 punishable by a fine not to exceed one thousand dollars (\$1,000).

36 (d) (1) At the time of filing of the fictitious business name
37 statement, the registrant filing on behalf of the registrant shall
38 present personal identification in the form of a California driver’s
39 license or other government identification acceptable to the county
40 clerk to adequately determine the identity of the registrant filing

1 on behalf of the registrant as provided in subdivision (e) and the
2 county clerk may require the registrant to complete and sign an
3 affidavit of identity.

4 (2) In the case of a registrant utilizing an agent for submission
5 of the registrant's fictitious business name statement for filing, at
6 the time of filing of the fictitious business name statement, the
7 agent filing on behalf of the registrant shall present personal
8 identification in the form of a California driver's license or other
9 government identification acceptable to the county clerk to
10 adequately determine the identity of the agent filing on behalf of
11 the registrant as provided in subdivision (e). The county clerk may
12 also require the agent to submit a notarized statement signed by
13 the registrant declaring the registrant has authorized the agent to
14 submit the filing on behalf of the registrant.

15 (e) If the registrant is a corporation, a limited liability company,
16 a limited partnership, or a limited liability partnership, the county
17 clerk may require documentary evidence issued by the Secretary
18 of State and deemed acceptable by the county clerk, indicating the
19 current existence and good standing of that business entity to be
20 attached to a completed and notarized affidavit of identity, for
21 purposes of subdivision (d).

22 (f) The county clerk may require a registrant that mails a
23 fictitious business name statement to a county clerk's office for
24 filing to submit a completed and notarized affidavit of identity. A
25 registrant that is a corporation, limited liability company, limited
26 partnership, or limited liability partnership, if required by the
27 county clerk to submit an affidavit of identity, shall also submit
28 documentary evidence issued by the Secretary of State indicating
29 the current existence and good standing of that business entity.

30 (g) A county clerk that chooses to establish procedures pursuant
31 to this section shall prescribe the form of affidavit of identity for
32 filing by a registrant in that county.

33 SEC. 20. Section 17914 of the Business and Professions Code
34 is amended to read:

35 17914. The fictitious business name statement shall be signed
36 as follows:

37 (a) If the registrant is an individual, by the individual.

38 (b) If the registrants are a married couple, by either party to the
39 marriage.

1 (c) If the registrant is a general partnership, limited partnership,
2 limited liability partnership, copartnership, joint venture, or
3 unincorporated association other than a partnership, by a general
4 partner.

5 (d) If the registrant is a limited liability company, by a manager
6 or officer.

7 (e) If the registrant is a trust, by a trustee.

8 (f) If the registrant is a corporation, by an officer.

9 (g) If the registrant is a state or local registered domestic
10 partnership, by one of the domestic partners.

11 SEC. 21. Section 17916 of the Business and Professions Code
12 is amended to read:

13 17916. Presentation for filing of an original fictitious business
14 name statement and one copy of the statement, with proper
15 identification, accompanied by a completed and notarized affidavit
16 of identity, if required by the county clerk, and other documents
17 required in accordance with Section 17913, payment of the filing
18 fee, and acceptance of the statement by the county clerk constitute
19 filing under this chapter. The county clerk shall note on the copy
20 the file number, the date of filing the original, and the date of
21 expiration and shall certify and deliver the copy to the registrant
22 or the registrant's agent.

23 SEC. 22. Section 22454 of the Business and Professions Code
24 is amended to read:

25 22454. (a) At least one person involved in the management
26 of a professional photocopier shall be required to hold a current
27 commission from the Secretary of State as a notary public in this
28 state. If the notary commission is held by someone other than the
29 registrant, written confirmation from the notary authorizing the
30 use of their commission for this registration is required.

31 (b) The notary commission shall remain valid during the
32 two-year period that the professional photocopier's certificate of
33 registration is effective. The registrant shall notify the county clerk
34 and provide an updated valid notary commission if the commission
35 expires prior to the expiration of the certificate of registration.

36 SEC. 23. No reimbursement is required by this act pursuant to
37 Section 6 of Article XIII B of the California Constitution for certain
38 costs that may be incurred by a local agency or school district
39 because, in that regard, this act creates a new crime or infraction,
40 eliminates a crime or infraction, or changes the penalty for a crime

1 or infraction, within the meaning of Section 17556 of the
2 Government Code, or changes the definition of a crime within the
3 meaning of Section 6 of Article XIII B of the California
4 Constitution.

5 However, if the Commission on State Mandates determines that
6 this act contains other costs mandated by the state, reimbursement
7 to local agencies and school districts for those costs shall be made
8 pursuant to Part 7 (commencing with Section 17500) of Division
9 4 of Title 2 of the Government Code.

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**CALIFORNIA BOARD OF ACCOUNTANCY
LEGISLATIVE ANALYSIS
SB 1243**

| | |
|---|----------------------|
| Subject: Professions and Vocations | Author: Lieu |
| Version: June 30, 2014 | Sponsor: None |
| Status: Assembly Appropriations | |

Summary

Senate Bill (SB) 1243 is a broad bill containing provisions intended to address issues within the Department of Consumer Affairs (DCA) identified during the 2014 sunset review. As it relates to the California Board of Accountancy (CBA), this bill is intended to increase transparency, efficiency, productivity, and cost effectiveness amongst the entities under the umbrella of the DCA. Staff will recommend that the CBA take a Watch position on the bill.

Background

During its March 2014 sunset review hearing, the Legislature raised several issues to be addressed by the DCA, including greater transparency for consumers and the Legislature, specific reporting requirements, and expanding the telephone disconnect program for unlicensed advertising.

There was concern that some entities within the DCA do not offer the option of email as a way for interested parties to receive notice of public meetings, and that some entities do not provide any notice when they intend to webcast a public meeting.

In addition, there was concern about the length in time it takes some boards to complete the disciplinary process. According to the Assembly Business Professions and Consumer Protection Committee and Senate Business, Professions and Economic Development Committee (Joint Committee), some DCA entities have taken two or three years to complete the disciplinary process.

Further, there was concern regarding the DCA's method of distributing costs. According to the Joint Committee, a report of the DCA's distributed costs indicates the pro rata calculations may not be applied uniformly throughout the department and has not been adjusted to account for staffing changes.

Analysis

- 1) This bill would require an agency to provide a person requesting notification of a public meeting the option to be notified through regular mail, email, or both. A statement of intent to webcast the meeting must be included in the notice. However, the webcast may still be conducted if the statement of intent is not included.
- 2) Business and Professions Code (BPC) section 149 permits specified entities, including the CBA, to disconnect the telephone service of individuals advertising unlicensed services in a telephone directory if they fail to comply with a request

to cease and desist. This bill would expand the authority to disconnect the telephone service for any form of advertising of unlicensed services. According to the Joint Committee, a 2012 survey indicated there was confusion in some of the terminology used in the law. As a result, the Joint Committee determined that the law was being underutilized. This proposal is intended to modernize the language, provide further clarity, and enhance enforcement of illegal advertising.

- 3) This bill would require the DCA to develop curricula on enforcement training for employees with enforcement functions. The curricula would include training on complaint intake, determining which cases should be referred for investigation, preparing a case suitable for filing an accusation, and the Administrative Procedure Act. The training would include a pretest and posttest to evaluate the employee's knowledge of the training subject matter. The training opportunities would be made available to an employee at least once a year to provide a solid, standard baseline of knowledge and practices of enforcement functions.
- 4) The bill would require the DCA to conduct a study for prorating administrative expenses to evaluate the system's productivity, efficiency, and cost-effectiveness, and to determine if some of the administrative services should be outsourced or changed.
- 5) Existing law requires the DCA to submit an annual report to the Governor and the Legislature regarding the activities of the DCA and its constituent entities. This bill would specify what details to include in the report.
- 6) This bill would establish a board member mentor program through which experienced board members will be trained to act as mentors to newly appointed board members. A mentor could be a current or former board member, and would be appointed to a newly appointed board member from a different board. While this proposal is intended to foster a more productive and efficient board, there are still many unanswered questions as to how this provision would be administered. For example, this bill does not specify whether the mentorship is required, how the mentorship must be conducted, whether the conduct of the mentorship requires regulatory clarification, the timeframe of the mentorship, and what happens in the event that a mentor is unable to be obtained.

Fiscal Estimate

Unknown

Recommendation

Staff recommend taking a Watch position as the provisions have no significant impact on the CBA.

Support/Opposition

Support: None at this time

Opposition: None at this time

Effective/Operative Date
January 1, 2015

Related Bills
None

Attachment
SB 1243

AMENDED IN ASSEMBLY JUNE 30, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE APRIL 21, 2014

SENATE BILL

No. 1243

Introduced by Senator Lieu

(Principal coauthor: Assembly Member Bonilla)

February 20, 2014

An act to amend Sections 149, 201, 312, 453, 4800, 4804.5, 11506, and 22259 of, and to add Sections 101.7, 154.1, 211, and 312.1 to, the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1243, as amended, Lieu. Professions and vocations.

(1) Under existing law, the Department of Consumer Affairs is comprised of various boards, bureaus, commissions, committees, and similarly constituted agencies that license and regulate the practice of various professions and vocations. Existing law requires those agencies to hold public meetings and provide public notice of a meeting.

This bill would require each of those agencies to offer a person requesting to receive notice of a meeting the option to receive that notice by regular mail, email, or both regular mail and email, and would require the agency to comply with that request. The bill would require an agency that intends to Web cast a meeting, to provide notice of intent to Web cast the meeting.

(2) Existing law authorizes certain agencies within the department, upon investigation and with probable cause to believe that a person is advertising in a telephone directory with respect to the offering or performance of services, without being properly licensed by or registered

with the agency, to issue a citation including an order of correction. Existing law authorizes those agencies to notify the Public Utilities Commission if a person does not comply with a final order of correction, and requires the commission to require the telephone corporation providing the telephone services to disconnect the service.

This bill would apply those provisions to all agencies that comprise the department, and would delete the requirement that the advertising appear in a telephone directory.

(3) Existing law imposes specified duties on the department and allows the department to levy a charge for the estimated administrative expenses in advance on a pro rata share basis against funds of an agency comprising the department.

This bill would require the department to conduct a study of its system for prorating administrative expenses and to submit a report to the appropriate policy committees of the Legislature, on or before July 1, 2015, and on or before July 1 of each subsequent year, including the findings of the study and an accounting of the pro rata calculation. The bill would also require the department, if it engages a third-party consultant to assess the department's operations, to promptly, upon receipt of the consultant's final report on that assessment, to submit that report to the appropriate policy committees of the Legislature including the entire study upon its completion.

The bill would require the department to develop an enforcement academy, as specified, and to provide an opportunity for an employee of an agency comprising the department who performs enforcement functions to attend an enforcement academy, at least annually, to provide a solid, standard baseline of knowledge and practices for all employees who perform enforcement functions.

(4) Existing law requires an agency comprising the ~~board~~ *department* to investigate a consumer accusation or complaint against a licensee and, where appropriate, the agency is authorized to impose disciplinary action against a licensee. Under existing law, an agency comprising the ~~board~~ *department* may refer a complaint to the Attorney General or Office of Administrative Hearings for further action. Existing law requires the Director of Consumer Affairs to submit an annual report to the Governor and the Legislature, on or before January 1, that includes information regarding consumer complaints and the action taken on those complaints.

This bill would require the director's report to include specific, detailed information regarding those complaints and actions. The bill

would require the Attorney General to submit a report to the department, the Governor, and the appropriate policy committees of the Legislature, on or before January 1, 2016, and on or before January 1 of each subsequent year, that includes specified information regarding the actions taken by the Office of the Attorney General pertaining to accusations and cases relating to consumer complaints against a person whose profession or vocation is licensed by an agency comprising the department. The bill would require the Office of Administrative Hearings to submit a report to the same parties in the same timeframe as described above that includes actions taken by that office with respect to cases pertaining to those complaints.

(5) Existing law requires a newly appointed member of a board comprising the department to, within one year of assuming office, complete a training and orientation program offered by the department.

This bill would require the department to develop a board member mentor program to assign an experienced board member to mentor a new board member serving on a different board.

(6) Existing law regulates the practice of veterinary medicine. Existing law, until January 1, 2016, provides for a Veterinary Medical Board within the Department of Consumer Affairs. Existing law, until January 1, 2016, authorizes the board to appoint a person exempt from civil service to be designated as an executive officer of the board, as specified.

This bill would extend those provisions until January 1, 2017.

(7) Existing law regulates the practice of common interest development managers, and makes those provisions effective only until January 1, 2015.

This bill would extend the effectiveness of those provisions until January 1, 2019, and subject those provisions to review by the appropriate policy committees of the Legislature. The bill would also delete an obsolete reference.

(8) Existing law establishes the California Tax Education Council, a nonprofit organization, and requires the council to register and regulate tax preparers. Existing law makes those provisions effective only until January 1, 2015.

This bill would extend the effectiveness of those provisions until January 1, 2019.

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

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

1 SECTION 1. Section 101.7 is added to the Business and
2 Professions Code, to read:

3 101.7. (a) An agency within the department that is required
4 to provide a written notice pursuant to subdivision (a) of Section
5 11125 Government Code, may provide that notice by regular mail,
6 email, or by both regular mail and email. An agency shall give a
7 person who requests a notice the option of receiving the notice by
8 regular mail, email, or by both regular mail and electronic mail.
9 The agency shall comply with the requester’s chosen form or forms
10 of notice.

11 (b) An agency that plans to Web cast a meeting shall include
12 in the meeting notice required pursuant to subdivision (a) of Section
13 11125 of the Government Code a statement of the board’s intent
14 to Web cast the meeting. An agency may Web cast a meeting even
15 if the agency fails to include that statement of intent in the notice.

16 SEC. 2. Section 149 of the Business and Professions Code is
17 amended to read:

18 149. (a) If, upon investigation, an agency designated in Section
19 101 has probable cause to believe that a person is advertising with
20 respect to the offering or performance of services, without being
21 properly licensed by or registered with the agency to offer or
22 perform those services, the agency may issue a citation under
23 Section 148 containing an order of correction that requires the
24 violator to do both of the following:

- 25 (1) Cease the unlawful advertising.
- 26 (2) Notify the telephone company furnishing services to the
27 violator to disconnect the telephone service furnished to any
28 telephone number contained in the unlawful advertising.

29 (b) This action is stayed if the person to whom a citation is
30 issued under subdivision (a) notifies the agency in writing that he
31 or she intends to contest the citation. The agency shall afford an
32 opportunity for a hearing, as specified in Section 125.9.

33 (c) If the person to whom a citation and order of correction is
34 issued under subdivision (a) fails to comply with the order of
35 correction after that order is final, the agency shall inform the
36 Public Utilities Commission of the violation and the Public Utilities
37 Commission shall require the telephone corporation furnishing

1 services to that person to disconnect the telephone service furnished
2 to any telephone number contained in the unlawful advertising.

3 (d) The good faith compliance by a telephone corporation with
4 an order of the Public Utilities Commission to terminate service
5 issued pursuant to this section shall constitute a complete defense
6 to any civil or criminal action brought against the telephone
7 corporation arising from the termination of service.

8 SEC. 3. Section 154.1 is added to the Business and Professions
9 Code, to read:

10 154.1. (a) The Legislature hereby finds and declares all of the
11 following:

12 (1) The department is currently providing opportunities for
13 employees of agencies comprising the department who perform
14 enforcement functions to attend an enforcement academy.

15 (2) It is in the best interest of consumers in the state for the
16 department to continue to provide these opportunities for
17 employees performing enforcement functions for each agency
18 comprising the department.

19 (b) The department shall provide an opportunity for an employee
20 of an agency comprising the department who performs enforcement
21 functions to attend an enforcement academy, at least annually, to
22 provide a solid, standard baseline of knowledge and practices for
23 all employees who perform enforcement functions. The department
24 shall encourage an agency executive officer, registrar, executive
25 director, bureau chief, enforcement manager, supervisor, or staff
26 member to attend an enforcement academy.

27 (c) The department shall develop the enforcement academy
28 curricula in consultation and cooperation with the Office of the
29 Attorney General and the Office of Administrative Hearings. The
30 curricula shall include, but not be limited to, complaint intake,
31 determining which cases should be referred for investigation,
32 preparing a case suitable for filing an accusation, and the
33 Administrative Procedure Act.

34 (d) The department shall develop and implement a measure of
35 training outcomes that includes a pretest and posttest of an
36 employee's knowledge of the training subject matter, and any other
37 performance measures that the department deems appropriate.

38 SEC. 4. Section 201 of the Business and Professions Code is
39 amended to read:

1 201. (a) A charge for the estimated administrative expenses
2 of the department, not to exceed the available balance in any
3 appropriation for any one fiscal year, may be levied in advance on
4 a pro rata share basis against any of the boards, bureaus,
5 commissions, divisions, and agencies, at the discretion of the
6 director and with the approval of the Department of Finance. The
7 department shall submit a report of the accounting of the pro rata
8 calculation of administrative expenses to the appropriate policy
9 committees of the Legislature on or before July 1, 2015, and on
10 or before July 1 of each subsequent year.

11 (b) The department shall conduct a study of its current system
12 for prorating administrative expenses to determine if that system
13 is the most productive, efficient, and cost-effective manner for the
14 department and the agencies comprising the department. The study
15 shall include consideration of whether some of the administrative
16 services offered by the department should be outsourced or charged
17 on an as-needed basis and whether the agencies should be permitted
18 to elect not to receive and be charged for certain administrative
19 services. The department shall include in its report pursuant to
20 subdivision (a) the findings of the study.

21 SEC. 5. Section 211 is added to the Business and Professions
22 Code, to read:

23 211. If the department hires a third-party consultant to assess
24 the department's operations, the department shall, promptly upon
25 receipt of the consultant's final report on that assessment, submit
26 that report to the appropriate policy committees of the Legislature.

27 SEC. 6. Section 312 of the Business and Professions Code is
28 amended to read:

29 312. (a) The director shall submit to the Governor and the
30 Legislature on or before January 1, 2003, and annually thereafter,
31 a report of programmatic and statistical information regarding the
32 activities of the department and its constituent entities. The report
33 shall include information concerning the director's activities
34 pursuant to Section 326, including the number and general patterns
35 of consumer complaints and the action taken on those complaints.

36 (1) The report shall include, at a minimum, all of the following
37 information:

38 (2) The total number of temporary restraining orders or interim
39 suspension orders sought by each constituent entity to enjoin
40 licensees pursuant to Sections 125.7 and 125.8, the circumstances

- 1 in each case that prompted the constituent entity to seek that
2 injunctive relief, and whether a restraining order or interim
3 suspension order was issued.
- 4 (3) Information relative to the performance of each constituent
5 entity, including all of the following:
- 6 (A) Number of consumer calls received.
 - 7 (B) Number of consumer calls or letters designated as
8 discipline-related complaints.
 - 9 (C) Number of complaint forms received.
 - 10 (D) Number of convictions of licensees reported to the ~~board~~
11 *constituent entity*.
 - 12 (E) Number of criminal filings reported to the constituent entity.
 - 13 (F) Number of complaints and referrals closed, referred out, or
14 resolved without discipline, respectively, prior to accusation.
 - 15 (G) Number of accusations filed and final disposition of
16 accusations through the constituent entities and court review,
17 respectively.
 - 18 (H) Final discipline by category.
 - 19 (I) Number of citations issued with and without fines.
 - 20 (J) Number of cases in process more than six months after a
21 constituent entity receives information regarding the acts relevant
22 to a filed accusation.
 - 23 (K) The average and median times in processing complaints
24 from when a constituent entity receives a complaint to each stage
25 of discipline and court review.
 - 26 ~~(L) Final discipline by category.~~
 - 27 ~~(M)~~
 - 28 (L) Number of public reprimands issued.
 - 29 ~~(N)~~
 - 30 (M) Probation violation reports and probation revocation filings
31 and dispositions.
 - 32 ~~(O)~~
 - 33 (N) Number of petitions for reinstatement and the dispositions
34 of those petitions.
 - 35 ~~(P)~~
 - 36 (O) Caseloads of investigators for both original cases and
37 probation cases.
 - 38 ~~(Q)~~
 - 39 (P) Number of reports pursuant to Section 805 or Section 805.01
40 by type of peer review body reporting and, where applicable, the

1 type of health care facility involved and the number and type of
2 administrative or disciplinary actions taken by a constituent entity
3 with respect to those reports.

4 ~~(R)~~

5 (Q) Number of reports pursuant to Section 801.01 or 803.

6 ~~(S)~~

7 (R) The number of malpractice settlements in excess of thirty
8 thousand dollars (\$30,000) reported pursuant to Section 801.01.

9 ~~(T)~~

10 (S) Number of coroner’s reports received by a ~~board~~ *constituent*
11 *entity*.

12 ~~(U)~~

13 (T) Average length of time for a constituent entity to reach each
14 of the following milestones in the enforcement process:

15 (i) Average number of days from when a constituent entity
16 receives a complaint until the ~~board~~ *constituent entity* assigns an
17 investigator to the complaint.

18 (ii) Average number of days from a constituent entity opening
19 an investigation conducted by the constituent entity staff or the
20 Division of Investigation to closing the investigation regardless
21 of outcome.

22 (iii) Average number of days from a constituent entity closing
23 an investigation to imposing formal discipline.

24 (iv) Average number of days for a constituent entity to conduct
25 a supplemental investigation for a case that was rereferred by the
26 constituent entity to the Attorney General to file an accusation.

27 (b) “Action,” for purposes of this section, means a proceeding
28 brought by, or on behalf of, a constituent entity against a licensee
29 for unprofessional conduct that has not been finally adjudicated,
30 and a disciplinary action taken by a constituent entity against a
31 licensee.

32 (c) A report submitted pursuant to subdivision (a) shall be
33 submitted in compliance with Section 9795 of the Government
34 Code.

35 SEC. 7. Section 312.1 is added to the Business and Professions
36 Code, to read:

37 312.1. (a) The Attorney General shall submit a report to the
38 department, the Governor, and the appropriate policy committees
39 of the Legislature on or before January 1, 2016, and on or before

1 January 1 of each subsequent year that includes, at a minimum,
2 all of the following:

3 (1) Number of cases referred to the Attorney General by each
4 constituent entity comprising the department.

5 (2) Number of cases referred by the Attorney General back to
6 each constituent entity with no further action.

7 (3) Number of cases rereferred by a constituent entity to the
8 Attorney General after each constituent entity or the Division of
9 Investigation completes a supplemental investigation.

10 (4) Number of accusations filed by each constituent entity.

11 (5) Number of accusations a constituent entity withdraws.

12 (6) Average number of days from the Attorney General receiving
13 a case to filing an accusation on behalf of each constituent entity.

14 (7) Average number of days to prepare an accusation for a case
15 that is rereferred to the Attorney General after a supplemental
16 investigation is conducted by staff of a constituent entity or the
17 Division of Investigation for each constituent entity.

18 (8) Average number of days from filing an accusation to
19 transmitting a stipulated settlement for each constituent entity.

20 (9) Average number of days from filing an accusation to
21 transmitting a default decision for each constituent entity.

22 (10) Average of days from filing an accusation to scheduling a
23 hearing for each constituent entity.

24 (11) Average numbers of days from scheduling a hearing to
25 conducting a hearing for each constituent entity.

26 (b) The Office of Administrative Hearings shall submit a report
27 to the department, the Governor, and the Legislature on or before
28 January 1, 2016, and on or before January 1 of each subsequent
29 year that includes, at a minimum, all of the following:

30 (1) Number of cases referred by each constituent entity to each
31 office of the Office of Administrative Hearings for a hearing.

32 (2) Average number of days from receiving a request to setting
33 a hearing date at each office of the Office of Administrative
34 Hearings.

35 (3) Average number of days from setting a hearing to conducting
36 the hearing.

37 (4) Average number of days after conducting a hearing to
38 transmitting the proposed decision by each office of the Office of
39 Administrative Hearings.

1 SEC. 8. Section 453 of the Business and Professions Code is
2 amended to read:

3 453. (a) Every newly appointed board member shall, within
4 one year of assuming office, complete a training and orientation
5 program offered by the department regarding, among other things,
6 his or her functions, responsibilities, and obligations as a member
7 of a board. The department shall adopt regulations necessary to
8 establish this training and orientation program and its content.

9 (b) The department shall develop a board member mentor
10 program through which experienced board members will be trained
11 to act as mentors to newly appointed board members. A mentor
12 member should be assigned to a new board member who serves
13 on a different board. A mentor may be a current or former board
14 member.

15 SEC. 9. Section 4800 of the Business and Professions Code is
16 amended to read:

17 4800. (a) There is in the Department of Consumer Affairs a
18 Veterinary Medical Board in which the administration of this
19 chapter is vested. The board consists of the following members:

- 20 (1) Four licensed veterinarians.
- 21 (2) One registered veterinary technician.
- 22 (3) Three public members.

23 (b) This section shall remain in effect only until January 1, 2017,
24 and as of that date is repealed, unless a later enacted statute, that
25 is enacted before January 1, 2017, deletes or extends that date.

26 (c) Notwithstanding any other law, the repeal of this section
27 renders the board subject to review by the appropriate policy
28 committees of the Legislature. However, the review of the board
29 shall be limited to those issues identified by the appropriate policy
30 committees of the Legislature and shall not involve the preparation
31 or submission of a sunset review document or evaluative
32 questionnaire.

33 SEC. 10. Section 4804.5 of the Business and Professions Code
34 is amended to read:

35 4804.5. The board may appoint a person exempt from civil
36 service who shall be designated as an executive officer and who
37 shall exercise the powers and perform the duties delegated by the
38 board and vested in him or her by this chapter.

1 This section shall remain in effect only until January 1, 2017,
2 and as of that date is repealed, unless a later enacted statute, that
3 is enacted before January 1, 2017, deletes or extends that date.

4 SEC. 11. Section 11506 of the Business and Professions Code
5 is amended to read:

6 11506. This part shall be subject to review by the appropriate
7 policy committees of the Legislature. This part shall remain in
8 effect only until January 1, 2019, and as of that date is repealed,
9 unless a later enacted statute, that is enacted before January 1,
10 2019, deletes or extends that date.

11 SEC. 12. Section 22259 of the Business and Professions Code
12 is amended to read:

13 22259. (a) This chapter shall be subject to review by the
14 appropriate policy committees of the Legislature.

15 (b) This chapter shall remain in effect only until January 1,
16 2019, and as of that date is repealed, unless a later enacted statute,
17 that is enacted before January 1, 2019, deletes or extends that date.



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CPC Item II.
July 24, 2014

CBA Item XI.B.2.
July 24, 2014

Discussion Regarding the Study of California's Attest Experience Requirement

Presented by: Dominic Franzella, Chief, Licensing Division

Date: July 1, 2014

Purpose of the Item

The purpose of this item is to:

1. Introduce the Committee on Professional Conduct (CPC) to the vendor selected to provide the California Board of Accountancy (CBA) with a proposal for how to conduct the study on California's attest experience requirement for certified public accountant (CPA) licensure.
2. Establish an overall unifying question to guide the CBA study of California's attest experience requirement.
3. Finalize the specific audiences and areas/topics for the study.
4. Define the scope of the audience related to consumers.
5. Provide the CPC with next steps associated with the continued study for the September 2014 meeting.

Action(s) Needed

The CPC is being asked to adopt a unifying question to guide the study on the attest experience requirement; finalize the specific audiences and areas/topics for the study; and define the scope of the audience related to consumers.

Background

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. In June 2014, staff completed the contracting process and secured CPS HR Consulting (CPS HR) for purposes of conducting the study.

At its May 2014 meeting, the CPC began its initial discussion regarding the study the CBA will undertake related to California's attest experience requirement. At that time, the CPC adopted an initial framework for laying the foundation for the study. The CPC evaluated various audiences to include in the study and areas/topics for evaluation during the study for each of the audiences. The CPC adopted the staff-identified

Discussion Regarding the Study of California's Attest Experience Requirement

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audiences and areas/topics for evaluation, with the inclusion of an additional audience – specifically, CPAs that sign-off of applicants' experience on the Certificate of Attest Experience (Public and Non-Public) form (CAE).

Comments

CPS HR Consulting

CPS HR offers unique expertise in delivering human resource management and consulting services, employment testing, assessment services, and applicant tracking software to government agencies throughout North America. CPS HR comes with strong expertise in the public sector, as it is a self-supporting public entity. CPS HR comes with over 25 years of experience working with the public sector for federal, state, and local governments; public safety; special districts; and nonprofits. CPS HR has an extensive list of California state government clients including: the Board of Registered Nursing, Bureau of State Audits, Contractor State Licensing Board, Department of Consumer Affairs, Department of Education, Department of General Services, and State Personnel Board.

The project team assigned for this engagement includes Senior Consultant Michael DeSousa (serving as Project Manager) and Senior Consultant Geoff Burcaw. A brief bio of each Messrs. DeSousa and Burcaw is provided below.

Michael DeSousa, M.A.

Mr. DeSousa has over 25 years of human resources leadership in both the public and private sector. Mr. DeSousa's human resources background includes organizational leadership and project management in organizational assessments and analysis, employee surveys, performance management, meeting facilitation, training needs assessments, employee relations investigations, policy development, team-building, and management training.

Mr. DeSousa earned a bachelor's of arts in Communications and Media from the University of Northern Iowa, and a Master of Arts degree in Organizational Communication from the University of Iowa.

Geoff Burcaw, M.S., SPHR

Mr. Burcaw is a Senior Personnel Management Consultant with CPS HR. He has over 10 years of professional-level experience in human resources with specializations in job analysis and employment test development. Mr. Burcaw's experience includes human resources consulting for state and local government agencies, and providing human resources litigation support to private industry.

Mr. Burcaw earned a bachelor's of art degree in Psychology (with honors) from the University of California, Santa Cruz, and a Master of Science degree in

Discussion Regarding the Study of California's Attest Experience Requirement

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Organizational Psychology from Colorado State University. Mr. Burcaw is also certified as a Senior Professional in Human Resources by the Human Resources Certification Institute.

Shortly after the execution of the contract, staff began meeting with CPS HR to discuss next steps for the study and expectations for the upcoming July 2014 CPC meeting. Staff provided CPS HR with background on the Taskforce to Examine Experience for CPA Licensure (Taskforce), the prior study performed by Oriel Strickland, Ph.D. completed in June 1999 titled "A Series of Studies Related to the Education and Experience Requirements for Licensure in California," the various statutory and regulatory provisions associated with fulfilling the attest experience requirement, and the May 2014 CPC agenda item associated with laying the foundation for the attest study.

During these discussions, staff and CPS HR identified four needs to further flesh-out the foundational elements of the study, which included: (1) establish an overall unifying question to guide the study, (2) an additional two potential audiences, including areas/topics for evaluation, (3) areas/topics for evaluation for the CPC-identified audience of signers of the CAE, and (4) defining the scope of the audience related to consumers.

Establish an Overall Unifying Question to Guide the Study

The CBA is in the midst of determining the continued reliance of the present attest experience requirement. Over the next 18 months, it will be performing a study on both a national and state level designed to aid it in determining whether to maintain, eliminate, or modify the attest experience requirement. The study the CBA will perform on the state level will look to explore multiple groups with varying degrees of knowledge associated with the attest experience requirement and performing of attest-related services.

As the CPC, working with CPS HR, begin to finalize the various questions/statements and different methodologies to employ for the study, having a central question for which the study is designed to aid in answering will prove beneficial. This will ensure that the study is grounded in a central unifying theme that will allow the CPC to select final questions/statements that strive to provide answers to the overall question.

When considering any possible change the CBA would make, it seems prudent to look to the mission of the CBA "to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards." As consumer protection is the CBA's primary mandate, an overall unifying question that ties back to the mission statement would appear practical. As such, in consultation with CPS HR, the following question is being offered to the CPC for consideration:

Discussion Regarding the Study of California's Attest Experience Requirement

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- Does the present attest experience requirement support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?

Finalize the Audiences and Areas/Topics of Evaluation

At its May 2014 meeting, the CPC adopted four staff-identified audiences and associated areas/topics for evaluations for the audiences. Additionally, the CPC adopted a recommendation to include signers of the CAE. In staff's meetings with CPS HR, an additional audience was suggested: university accounting programs and professors.

A full list of the audiences and areas/topics of evaluation is provided below. As the hiring managers and signers of the CAE will probably have similar insight (and for smaller firms are quite possibly one in the same), staff has paired the two together. Additionally, staff has added an area/topic for evaluation for this audience specific to the completion of the CAE (see the last bullet for the Hiring Managers/Signers of the CAE).

New Licensees (up to three years)

- 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

Hiring Managers/Signers of the CAE

- 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
- Insight on the completion of the CAE, especially regarding signers understanding of the areas being tested and documented

Applicants for Initial Licensure

- 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)

- Assess the present and future needs regarding attest engagements

Discussion Regarding the Study of California's Attest Experience Requirement

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- Test to see if confusion exists between the "A" and "G" license types¹
- 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

University Accounting Programs/Professors

- Insight regarding curriculum focused on attest service
- Insight regarding additional education as a sufficient substitute for attest experience
- Insight regarding preparing individuals to enter the accounting profession, including being successful in the profession as it relates to attest services

The CPC is being asked to consider the merits of adding a new audience focused on the university accounting programs/professors, and, if so, the areas/topics it wishes to have studied. Staff has included some preliminary ideas regarding areas/topics for inclusion in evaluating this audience.

Defining the Scope of the Audience Related to Consumers

In staff's initial meetings with CPS HR, it quickly became apparent that the term consumer is quite expansive. CPAs provide professional services to a wide-range of groups including individuals, private and public companies, financial institutions, nonprofit organizations, and local, state, and federal government entities. Furthermore, consumers could include not only those that engage a CPA for its financial-related needs, but also those who may use the output to make decisions (banks lending money, individuals purchasing stock), require it as part of a regulatory filing, etc. Additionally, some of the initial concerns raised during the Taskforce discussion were consumer confusion, and one of the areas/topics the CPC adopted to evaluate for consumers was consumer confusion; therefore, it would seem that extending the survey beyond those who routinely employ CPAs for various services (including those associated with attest services) should be considered.

The CPC is being asked to define the scope of the audience related to consumers, so that staff and CPS HR may begin developing questions/statements for future CPC consideration and methodologies for surveying and identifying this audience. To aid in discussion, staff are providing the following guideposts:

- Consumers that employ CPAs for purposes of having the CPA provide attest service
- Agencies that rely on CPA attest work products
- Consumers that employ CPAs for accounting services beyond simply attest services to test for consumer confusion

¹ 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).

Discussion Regarding the Study of California's Attest Experience Requirement

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Next Steps Associated with the Study for the September 2014 CPC Meeting

By the conclusion of its July 2014 meeting, the CPC will have established a full foundational structure for conducting the California-specific study of the attest experience requirement. At the September 2014 CPC meeting, staff and CPS HR will bring forth:

- Initial research questions/statements for each of the audiences for CPC consideration.
- Associated methods for collecting this information.
- Population-related information, including sample sizes need for each audience and associated methodology to aid in obtaining a statistically reliable sample size.

Staff and CPS HR have already begun discussing questions/statements for the study and possible methodologies. Provided below are the methodologies being discussed, including the strength and weakness associated with each type.

Focus Groups

Strengths:

- Participants can experience a strong opportunity to have a voice on an issue.
- Focus groups have a visibility that stakeholder input is valued.
- Effectively managed focus groups can express a predominant or consensus view in many cases.

Weaknesses:

- Focus group sessions have requirement for substantial planning logistics and require skilled facilitators.
- Some focus group members can dominate the discussion without effective session management.
- To be more balanced focus groups should represent a diversity of views and positions, which can be more difficult to convene.

Surveys

Strengths:

- Large numbers of respondents from diverse locations can have input at a low cost per capita.
- Relative anonymity of the survey can promote frankness on topics that have some perceived risk for the responders.
- Survey results may be more quantitatively reported if scaled items are used.

Weaknesses:

- Surveys cannot go into the depth associated with focus groups or interviews.

Discussion Regarding the Study of California's Attest Experience Requirement

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- Surveys require follow up to ensure strong response rate or results may be less useful.

Interviews

Strengths:

- Interviews can achieve in-depth feedback.
- More complex or nuanced issues can be addressed in a personal interview versus focus groups or surveys.

Weaknesses:

- Interviewees may be more reluctant to provide some feedback without assurances that comment (especially those comments that may be considered negative/critical) will not be attributed to specific individuals.
- Interviews are a time-consuming method given interviewee time and the need to compile findings from detailed notes.

Data Review or Literature Review

Strengths:

- The content is static and may not require extensive time to gather primary source materials.
- This method minimizes the need to re-do lines of inquiry that have already been completed.

Weaknesses:

- For this method, findings are limited to the depth, breadth, and timeliness of the available data, relevant studies, or both.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommends that the CBA adopt the following:

- An overall unifying question to guide the attest study.
- The final audiences and areas/topics of evaluation.
- Define the scope of the audience associated with the group consumers.

Attachment

None.



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MSG Item II.
July 23, 2014

CBA Item XI.C.2.
July 24, 2014

**Overview of the MSG Decision Matrix –
A Summary of Previous Decisions Made by the MSG**

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: May 12, 2014

Purpose of the Item

The purpose of this item is to provide an overview of the Mobility Stakeholder Group's (MSG) decision matrix (**Attachment**).

Action(s) Needed

No specific action is required on this agenda item.

Background

At its March 2014 meeting, staff presented the MSG with a plan to maintain a decision matrix in order to track all decisions made by the MSG. The purpose for the decision matrix is to assist the MSG and staff in determining what activities have been accomplished and what decisions still remain for discussion.

Comments

The MSG made three decisions at its March 2014 meeting as follows:

- The MSG will meet three times per year in conjunction with the March, July and November CBA meetings.
- The MSG will prepare a written report to the CBA at least once per calendar year.
- The MSG will prepare a final report in time to be considered by the CBA as it prepares its final report to the Legislature, which is due January 1, 2018.

At future MSG meetings the decision matrix will be provided as a written report only agenda item unless otherwise directed by the MSG.

Fiscal/Economic Impact Considerations

There is no fiscal or economic impact for this item.

Recommendation

None.

Attachment

MSG Decision Matrix

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**Attachment****MOBILITY STAKEHOLDER GROUP DECISION MATRIX**

| <u>Date</u> | <u>Decision</u> |
|--------------------|---|
| March 2014 | The MSG will meet three times per year in conjunction with the March, July and November CBA meetings. |
| March 2014 | The MSG will prepare a written report to the CBA at least once per calendar year. |
| March 2014 | The MSG will prepare a final report in time to be considered by the CBA as it prepares its final report to the Legislature, which is due January 1, 2018. |



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MSG Item III.
July 23, 2014

CBA Item XI.C.3.
July 24, 2014

Overview and Comparison of the Prior and Current California Practice Privilege Laws

Presented by: Dominic Franzella, Chief, Licensing Division

Date: June 20, 2014

Purpose of the Item

The purpose of this item is to provide the Mobility Stakeholder Group (MSG) with an overview and comparison of the prior and current California practice privilege laws.

Action(s) Needed

No specific action is required on this agenda item.

Background

Prior to the enactment of the original practice privilege provisions, out-of-state CPAs that wanted or needed to practice in California were authorized to do so provided the practice was temporary and incidental. Under the prior temporary and incidental provision, out-of-state CPAs and accounting firms lawfully practicing in another state could temporarily practice in California incident to their practice in another state provided that the CPAs or accounting firms did not solicit California clients or assert or imply that they were licensed to practice public accountancy. Additionally, these out-of-state CPAs and accounting firms were expressly prohibited from engaging in the development, implementation, and marketing to California consumers any abusive tax avoidance transactions.

While the California Legislature instituted express regulation of the temporary and incidental practice, the term itself was never defined, nor was there any manner in which to know how many CPAs and accounting firms practiced under this authority. Additionally, there was a movement occurring nationally to create a higher degree of substantial equivalency amongst states and increase the ability of CPAs to obtain cross-border practice.

To address issues related to the lack of definition to the term temporary and incidental and to allow for increased cross-border practice, the California Legislature enacted the original practice privilege provisions with the passage of Senate Bill (SB) 1543 (Figueroa) (Chapter 921) in 2004. The law included an effective date of January 1, 2006. The delay to the effective date provided the California Board of Accountancy

Overview and Comparison of the Prior and Current California Practice Privilege Laws

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(CBA) time to adopt necessary regulations to implement, interpret, and make specific provisions of the law. Beginning January 1, 2006, individuals seeking to practice in California were required to notify the CBA by completing a notification form and paying a fee.

Shortly after implementation, concerns were raised by various stakeholders regarding the impact of the new law. Certain stakeholders raised issue that the new provisions did not address work done by accounting firms. As is the case in the accounting profession, the work performed by a CPA is done so on behalf of the accounting firm. The new provisions did not allow for accounting firms practice privilege. Additionally, with the elimination of the temporary and incidental provisions, out-of-country accountants providing services for the foreign-based clients were prohibited from practicing in California, unless they could qualify and obtain a practice privilege.

To address this issue, in 2006, the California Society of CPAs (CalCPA) sponsored Assembly Bill (AB) 1868 (Bermudez) (Chapter 458). AB 1868 was emergency legislation, which upon the governor's signature (September 25, 2006), reinstated the temporary and incidental provisions (both for out-of-state CPAs and out-of-country accountants) and provided that accounting firms that did not have an office in California could work through the holder of a practice privilege. The measure also required the CBA to adopt emergency regulations to lower the practice privilege fee for out-of-state CPAs not seeking the authority to sign reports on attest engagements.

Shortly after the passage of AB 1868, the CBA sought to sponsor legislation that would have adopted a no notice, no fee set of practice privilege provisions similar to those being adopted nationally. The initial proposal was included in AB 2473 (Niello), which also included the CBA's proposal to eliminate one of the CPA licensure requirements, Pathway 1. This bill received considerable opposition and was eventually pulled from consideration by the author prior to its first hearing in policy committee.

In 2012, the matter of CPA mobility was again broached in the Legislature. This time the CalCPA sponsored the legislation, which was included in SB 1405 (de León) (Chapter 411). SB 1405 was signed into law by the governor in September 2012, with an effective date of July 1, 2013. At its core, the legislation created no notice, no fee mobility provisions for California.

Comments

Provided below is an overview of the following areas and a comparison between the prior practice privilege provisions (January 1, 2006 – June 30, 2013) and the current practice privilege provisions (July 1, 2013 – present): minimum qualifications, notification requirements, term/expiration, fee, jurisdiction, accounting firm registration, website, reports to various stakeholders, MSG, and CBA-related determinations.

Overview and Comparison of the Prior and Current California Practice Privilege Laws

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Minimum Qualifications

Under both the prior and current practice privilege provisions, out-of-state CPAs seeking to practice in California under a practice privilege must meet the following qualifications:

- Do not maintain a principal place of business in California¹
- Hold a valid and current license, certificate, or permit to practice public accountancy from another jurisdiction
- Satisfy one of the following three options:
 - Continually practice public accountancy as a CPA under a valid license issued by another state or jurisdiction for four of the last 10 years
 - Have a license issued by a state or jurisdiction that the CBA determines to have met the education, examination, and experience requirements for licensure under Business and Professions Code (BPC) section 5093²
 - Individually possess the education, examination, and experience qualifications which have been determined by the CBA to have met the licensure requirements under BPC section 5093
- Out-of-state CPAs wanting the authority to sign reports on attest engagements must meet the attest requirements prescribed in BPC section 5095

Notification Requirements

Under the prior practice privilege provisions, all out-of-state CPAs that wanted to practice in California via a practice privilege needed to complete and submit a notification form (**Attachment 1**). Out-of-state CPAs could complete the notification form online or submit a hardcopy of the notification form via mail or facsimile. Out-of-state CPAs also were required to cease practicing and provide written notification to the CBA if at any time they acquired a disqualifying condition (see pages 3-4 of **Attachment 1**).

Under the current practice privilege provisions the vast majority of out-of-state CPAs are not required to notify the CBA prior to exercising a practice privilege. Those out-of-state CPAs who, in the last seven years immediately preceding the date they wish to practice in California, have any of the following circumstances are required to notify (using **Attachment 2**) and seek written CBA approval prior to exercising a practice privilege:

- Are 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 them in any other jurisdiction

¹ This requirement is waived for individuals that have an active application on file with the CBA for a California CPA license.

² This was historically known as Pathway 2, which includes passage of the Uniform CPA Examination, completion of baccalaureate degree or high with a minimum of 150 semester units, and one year of general accounting experience.

Overview and Comparison of the Prior and Current California Practice Privilege Laws

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- Has had their license in another jurisdiction reinstated after a suspension or revocation of the license
- 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
- Has been convicted of a crime or is subject to pending criminal charges in any jurisdiction other than a minor traffic violation
- Has otherwise acquired a disqualifying condition as described in BPC section 5096.2(a) (see **Attachment 3**)

Additionally, out-of-state CPAs that have already begun exercising a practice privilege in California must immediately cease practicing, notify the CBA (using **Attachment 4**), and await written CBA approval prior to continued practice if any of the following apply:

- The regulatory agency in the state in which the certificate, license, or permit was issued takes disciplinary action resulting in the suspension or revocation, including stayed suspension, stayed revocation, or probation of the certificate, license, or permit, or takes other disciplinary action against the certificate, license, or permit that arises from any of the following:
 - Gross negligence, recklessness, or intentional wrongdoing relating to the practice of public accountancy;
 - Fraud or misappropriation of funds;
 - Preparation, publication, or dissemination of false, fraudulent, or materially incomplete or misleading financial statements, reports, or information.
- They are 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.
- The United States Securities and Exchange Commission or the Public Company Accounting Oversight Board (PCAOB) bars them from practicing before them.
- Any governmental body or agency suspends their right to practice before the body or agency.

Term/Expiration

Under the prior practice privilege provisions, the term was one year, with the practice rights expiring one year from the date the notification form was submitted online, postmarked via mail, or received via facsimile. The one-year term included any and all time the CBA spent reviewing any reported disqualifying conditions (whether reported prior to beginning practice or after practice commenced). Therefore, individuals in these circumstances had less than one year of actual practice rights. The same was true for individuals placed on administrative suspension.

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Under the current practice privilege provision, there is no expiration of the right to exercise a practice privilege. That said, for out-of-state CPAs that have an existing condition that does not allow for them to immediately practice, as noted previously, after they notify the CBA, they must await written permission to begin practicing. Similarly, out-of-state CPAs that acquire certain disqualifying conditions while practicing, experience a cessation in practice rights while the CBA determines if continued practice is in the best interest of consumers.

Additionally, for out-of-state CPAs that have cessation or pre-notification requirements, but fail to adhere to notifying the CBA, included in the current provisions are automatic termination and revocation of rights for failing to adhere to the notification and reporting requirements. Failure to submit the required notification and await approval from the CBA to practice is grounds for discipline as if the practice privilege was a CPA license and the out-of-state CPAs were a California licensee. Additionally, they will be prohibited from practicing in California for a minimum of one year, and if the CBA determines that the failure to submit the notification form was intentional, the practice privilege will be revoked and reinstatement will not be possible for a minimum of two years.

Fee

Under the prior practice privilege provisions, out-of-state CPAs were required to remit the appropriate fee of either \$100 or \$50.³ The amount required was based on whether the out-of-state CPAs wanted the authority to sign reports on attest engagements, which required the \$100 fee. If out-of-state CPAs did not want the authority to sign reports on attest engagements, the fee was \$50. In either instance, individuals needed to remit the appropriate fee within 30 days of filing the notification form.

Under the new practice privilege provisions, no fee is required to exercise a practice privilege in California.

Jurisdiction

Under both the prior and current practice privilege provisions, out-of-state CPAs:

- Consent to the personal and subject matter jurisdiction and disciplinary authority of the CBA and the courts of California.
- Shall comply with the practice privilege provisions, all CBA Regulations, and other laws, regulations, and professional standards applicable to the practice of

³ Under the original practice privilege provisions included as part of SB 1543 and the subsequent regulations, the fee for all practice privileges was \$100. With the passage of AB 1868, the fee for individuals not wanting the authority to sign attest reports needed to be set in regulation by the CBA not to exceed 80 percent of the fee to be charged for individuals wanting authority to sign reports on attest engagements. As part of the rulemaking implementing this section, the CBA established the fee at 50 percent of the fee charged to individuals wanting authority to sign reports on attest engagements.

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public accountancy by the CPAs of this state, and to any other laws and regulations applicable to CPAs practice under the practice privilege provisions

- Shall not provide public accounting services in California from any office located in this state, except as an employee of an accounting firm registered in California.⁴
- Are deemed to have appointed the regulatory agency of the state that issued the license as the agent on whom notices, subpoenas, or other process may be served in an action or proceeding.
- Shall cooperate with any CBA investigation or inquiry and timely respond to a CBA investigation, inquiry, request, notice, demand, or subpoena for information or documents and timely provide the CBA the identified information or documents.

Additionally, under both the prior and current practice privilege provisions, the CBA or the Executive Officer can administratively suspend out-of-state CPAs' right to practice via a practice privilege without prior notice or hearing. The purpose of the administrative suspension is for conducting a disciplinary investigation, proceeding, or inquiry concerning out-of-state CPAs' representations made on any notices, competence or qualifications to practice under a practice privilege, failure to timely respond to a CBA inquiry or request for information of documents, or under other conditions and circumstances provided by the CBA in regulation.⁵

Accounting Firm Registration

As noted in the Background section, under the original practice privilege provisions included in SB 1543 there were no provisions related to accounting firm privileges. For many stakeholders this presented a problem since accounting services provided to clients are done so through the accounting firm. To address this issue, AB 1868 included a provision that an accounting firm could work through an authorized practice privilege holder. For an accounting firm to practice under this new provision, as part of the notification form, out-of-state CPAs were required to include the name of the firm, its address and telephone number, and federal taxpayer identification number.

Under the current practice privilege provisions, a registration requirement exists for out-of-state accounting firms that are going to provide certain accounting services to California-headquartered entities. Firms must submit a registration form (**Attachment 5**) and obtain approval from the CBA prior to providing services. Additionally, the services must be performed by a qualified practice privilege holder. The services that require registration include:

⁴ This does not apply to public accounting services provided to a client at the client's place of business or residence.

⁵ While no other circumstances exist under the current practice privilege provision, under the prior provisions the CBA could administratively suspend out-of-state CPAs' practice privilege for failing to timely pay the fee.

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- An audit or review of a financial statement.
- A compilation of a financial statement when that out-of-state CPAs 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.
- An examination of prospective financial information.

Website

Under the prior practice privilege provisions, nothing in the law required the CBA to place certain information on its website. The CBA did maintain an area on its license lookup feature that provided information regarding the out-of-state CPAs' present practice privilege status, whether they had the authority to sign reports on attest engagements, their address of record, and the state license used by out-of-state CPAs to qualify for a practice privilege, including a link to the state's website.

Under the current practice privilege provisions, the law spells out specific information that the CBA must include on its website. Under **MSG Agenda Item V.**, staff has provided a more detailed overview of these differences and how the CBA has complied with the requirements; however, a summary of the law is also provided below.

The CBA must add an out-of-state CPA feature to its license lookup tab that allows consumers to obtain information about an individual whose principal place of business is not in California and who seeks to exercise a practice privilege in California that is at least equal to the information that was previously available to consumers under the prior practice privilege provisions. The lookup feature must include all of the following:

- The ability of consumers to search by name and state of licensure.
- The disclosure of information in the possession of the CBA, which the CBA is otherwise authorized to publicly disclose, about out-of-state CPAs exercising a practice privilege in California, including, but not limited to, whether the CBA has taken action of any form against the individual and, if so, what the action was or is.
- A disclaimer that consumers must click through prior to being referred to any other website, which in plain language explains that consumers are being referred to a website that is maintained by a regulatory agency or other entity that is not affiliated with the CBA. The disclaimer must include a link to relevant sections of the practice privilege provision that set forth disqualify conditions, including, but not limited to those found in BPC section 5096.2 (see **Attachment 2**).
- A statement in plain language that notifies consumers that they are permitted to file complaints against practice privilege holders with the CBA.
- A link to the website or sites that the CBA determines provide consumers the most complete and reliable information available about out-of-state CPAs' status as a licensee.

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- If the board of another state does not maintain a website that allows consumers to obtain information about its licensees including, but not limited to, disciplinary history, and that information is not available through a link to a website maintained by another entity, a link to contact information for that board, which contains a disclaimer in plain language that explains that consumers are being referred to a board that does not permit consumers to obtain information, including, but not limited to, disciplinary history about individuals through the website, and that the board is not affiliated with the CBA.

Biennially, the CBA must perform a survey of other states boards of accountancy's websites and disclosure policies to determine and ensure that the information and disclaimers on the CBA website are accurate.

Reports to Various Stakeholders

Another element not previously included in the prior practice privilege provisions, and new to the current practice privilege provisions is the need for the CBA to provide specific reports to various stakeholders. The CBA must provide two reports – one preliminary and one final – to various stakeholders to include the Legislature, the Director of the Department of Consumer Affairs, and available upon request to the public. The preliminary report is due July 1, 2015, and the final report is due on or before January 1, 2018.

Mobility Stakeholder Group

Unlike the prior practice privilege provisions, for the current practice privilege provisions, the California Legislature included a provision that required the CBA to convene a stakeholder group on or before July 1, 2014. The purpose of the group – now known as the Mobility Stakeholder Group or MSG – is twofold: (1) consider whether the practice privilege provisions are consistent with the CBA's duty to protect the public, and (2) consider whether the practice privilege provisions satisfy the objectives of stakeholders of the accounting profession, including consumers.

Determinations

Under the current practice privilege provisions, the CBA is required to make determinations on the following regarding other state boards of accountancy:

- Whether the state timely and adequately addresses enforcement referrals made by the CBA or otherwise fails to respond to requests the CBA deems necessary to meet its obligations under the practice privilege provisions
- Whether the state makes the disciplinary history of its licensees publicly available through the Internet in a manner that allows the CBA to adequately link consumers to a website to obtain information that was previously made available to consumers about out-of-state CPAs from that state prior to January 1, 2013 through the prior practice privilege notification form

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- Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct

The CBA must report its preliminary determinations no later than July 1, 2015. The CBA will then, again, prior to January 1, 2016 need to review its determinations, and do so on an ongoing and recurring basis as it deems appropriate.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachments

1. Prior Practice Privilege Provisions Notification Form
2. Current Practice Privilege Provisions Pre-Notification Form
3. Business and Professions Code Section 5096.2(a) – List of Disqualifying Conditions
4. Current Practice Privilege Provisions Cessation Notification Form
5. Current Practice Privilege Provisions Out-of-State Accounting Firm Registration Form



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Attachment 1

NOTIFICATION AND AGREEMENT TO CONDITIONS FOR THE PRIVILEGE TO PRACTICE PUBLIC ACCOUNTING IN CALIFORNIA PURSUANT TO CALIFORNIA BUSINESS AND PROFESSIONS CODE SECTION 5096 AND TITLE 16, DIVISION 1, ARTICLE 4 OF THE CALIFORNIA CODE OF REGULATIONS

CONTACT INFORMATION

Individual Information

Name: _____ Prior Name(s): _____

Date of Birth: ____ / ____ / ____ Social Security Number: _____

Daytime Direct Telephone Number: _____ E-mail Address: _____
 (optional)

Certified Public Accounting Firm Information

Complete the Certified Public Accounting Firm Information **ONLY** if the certified public accounting firm name you are associated with is different from the individual name above.

Certified Public Accounting Firm Name: _____

Firm Address: _____

Firm Main Telephone Number: _____ Fax Number: _____ Firm Taxpayer ID Number: _____

Include additional certified public accounting firms you are associated with on Attachment 2, if necessary.

Other Contact Information

Address of Record (mailing address: fill out only if different from firm address or if no firm address is listed above): _____

QUALIFICATION REQUIREMENTS

I state as follows:

1. I am an individual.
2. a. My principal place of business is not in California; **OR**
 b. I have a pending application for licensure in California under Sections 5087 and 5088.
3. I qualify for a practice privilege based on my current, valid license to practice public accountancy in the following state:

State: _____ License Number: _____ Date Originally Issued: _____ Expiration Date: _____

4. a. The license identified in Item 3 is deemed substantially equivalent by the California Board of Accountancy; **OR**
- b. My individual qualifications have been determined by the National Association of State Boards of Accountancy (NASBA) to be substantially equivalent (NASBA file no. _____); **OR**
- c. I have continually practiced public accountancy as a certified public accountant under a valid license issued by any state for four of the last 10 years.
5. a. I am submitting this notice to the CBA at or before the time I begin the practice of public accountancy in California; **OR**
- b. I am submitting this notice after I began the practice of public accountancy in California on ____/____/____. My reason(s) for not providing notice on or before that date is (are) provided below. (The safe harbor provision is referenced in Section 5096.14 of the California Business and Professions Code.)
-
-
6. I have met the continuing education requirements and any exam requirements for the state of licensure identified in Item 3.

I consent and agree to the following:

7. To comply with the laws of the state of California, including the California Accountancy Act (Business and Professions Code Section 5000 et seq., accessible at http://www.dca.ca.gov/cba/acnt_act.htm) and the regulations thereunder (accessible at <http://www.dca.ca.gov/cba/regs.htm>).
8. To the personal and subject matter jurisdiction of the CBA including, but not limited to, the following:
- a. To suspend, without prior notice or hearing and in the sole discretion of the CBA or its representatives, the privilege to practice public accounting;
 - b. To impose discipline for any violation of the California Accountancy Act or regulations thereunder and recover costs for investigation and prosecution; and
 - c. To provide information relating to a practice privilege and/or refer any additional and further discipline to the board of accountancy of any other state and/or the Securities and Exchange Commission (SEC), the Public Company Accounting Oversight Board (PCAOB) or other relevant regulatory authorities.
9. To respond fully and completely to all inquiries by the CBA relating to my California practice privilege, including after the expiration of this privilege.
10. To the authority of the CBA to verify the accuracy and truthfulness of the information provided in this notification. I consent to the release of all information relevant to the CBA's inquiries now or in the future by:
- a. Contacting other state agencies;
 - b. Contacting the SEC, PCAOB or any other federal agency before which I am authorized to practice; and
 - c. Contacting NASBA.
11. In the event that any of the information in this notice changes, to provide the CBA written

notice of any such change within 30 days of its occurrence.

12. To submit any applicable fees timely.

AUTHORITY TO SIGN ATTEST REPORTS

Choose **ONE** of the following options:

- I WISH** to be able to sign an attest report under this practice privilege, and I have at least 500 hours of experience in attest services. By checking this box, I agree to pay within 30 days of submission of this Notification Form, the \$100 Notification Fee which includes authorization to sign attest reports.

OR

- I DO NOT WISH** to be able to sign an attest report under this practice privilege. Under this choice, I may participate in attest engagements but may not sign an attest report. By checking this box, I agree to pay the \$50 Notification Fee, due within 30 days of submission of this Notification Form.

DISQUALIFYING CONDITIONS

Please respond to the following items. For any items checked "Yes" in (A) – (G), you must provide additional information as requested in Attachment 1, and you are not authorized to practice in California unless and until you receive notice from the CBA that the privilege has been granted.

Please check "Yes" for any items even if they were previously reviewed and cleared by the Board in a past California Practice Privilege. To expedite the review process, please include the details of all disqualifying conditions, including those previously reported in the additional information you provide.

- | | | | |
|--------------------------|--------------------------|-----|---|
| Y | N | A. | I have been convicted of a crime other than a minor traffic violation. |
| <input type="checkbox"/> | <input type="checkbox"/> | | |
| Y | N | B. | I have had a license, registration, permit or authority to practice a profession surrendered, denied, suspended, revoked, or otherwise disciplined or sanctioned except for the following occurrences: |
| <input type="checkbox"/> | <input type="checkbox"/> | | |
| | | (1) | an action by a state board of accountancy in which the only sanction was a requirement that the individual complete specified continuing education courses. |
| | | (2) | the revocation of a license or other authority to practice public accountancy, other than the license upon which the practice privilege is based, solely because of failure to complete continuing education or failure to renew. |

- Y N C. I am currently the subject of an investigation, inquiry or proceeding by or before a state, federal, or local court or agency (including the PCAOB) involving my professional conduct.
- Y N D. I have an unresolved administrative suspension or an unpaid fine related to a prior California Practice Privilege.
- Y N E. I did not respond to a request for information from the CBA related to a prior California Practice Privilege.
- Y N F. I have been notified by the CBA that prior Board approval is required before practice under a new California Practice Privilege may commence.
- Y N G. I have had a judgment or arbitration award against me involving my professional conduct in the amount of \$30,000 or greater.

REQUIRED ADDITIONAL INFORMATION

I currently hold a California Practice Privilege. Yes No

Expiration date: _____ Unique Identifier: _____

I have held a California CPA/PA license. Yes No License number: _____

In addition to the state of licensure identified in Item 3, I also am authorized to practice public accountancy in the following:

State: _____ License Number: _____

State: _____ License Number: _____

Include additional licenses on Attachment 2, if necessary.

An answer of "No" to any of the following statements does not disqualify you from a California Practice Privilege.

I am an associated person of a firm registered with the PCAOB. Yes No

My firm has undergone peer review within the last three years. Yes No

The state of licensure identified in Item 3 requires CE in fraud detection. Yes No

If yes, I have fulfilled this requirement. Yes No

I, _____, understand that any misrepresentation or omission in connection with this notification disqualifies me from the California Practice Privilege and is cause for termination. Further I authorize the California Board of Accountancy to act accordingly, including notifying other state or federal authorities. I certify under penalty of



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perjury under the laws of the state of California that the foregoing information is true and correct.

Signature: _____ Date: _____

Unless you have checked "Y" to any items under Disqualifying Conditions, your privilege to practice commences with the submission of your properly completed notification. Your fee must be received within 30 days. Your privilege expires one year from the date of submission of this notification.

ATTACHMENT 1

Name: _____
Last First MI

1. If you checked "Yes" to any of items A – G under Disqualifying Conditions, please provide explanatory details:

Three horizontal lines for providing explanatory details.

2. If you checked "Yes" to Item G under Disqualifying Conditions, please also provide:

Date of Judgment/ Arbitration Award: _____ Jurisdiction/Court: _____ Docket No: _____

State: _____ License Number: _____

State: _____ License Number: _____

State: _____ License Number: _____

State: _____ License Number: _____

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 5096.15 of the California Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is ground 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 CBA, 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.

- D. Been convicted of a crime or subjected to pending criminal charges in another jurisdiction other than a minor traffic violation?

All misdemeanors, felonies, infractions or citations, including traffic violations, must be reported. Convictions that were later expunged from the record of the court or set aside pursuant to section 1203.4 of the California Penal Code or equivalent non-California law MUST be disclosed. "Minor Traffic Violations" should NOT be reported. For the purposes of responding to this question, "minor traffic violations" means traffic infractions under \$1000 not involving alcohol, dangerous drugs, or controlled substances. Convictions that were adjudicated in the juvenile court or convictions under California Health and Safety Code sections 11357(b), (c), (d), or (e), or section 11360(b) which are two years or older should NOT be reported.

- E. Acquired either of the following disqualifying conditions:

- Revocation, suspension, denial, surrender, or other discipline or sanctions involving any license, permit, registration, certificate, or other authority to practice any profession in this or any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board.
- Any judgment or arbitration award involving professional conduct in the amount of thirty thousand dollars (\$30,000) or greater.

If you checked a condition above, you are not authorized to practice public accountancy in California unless and until you receive written approval from the CBA.

In addition, you must complete and return Attachment 1 providing explanatory details along with this form to the CBA to meet your reporting requirement. Any misrepresentation or omission 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 form. 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.

Signature: _____

Date: _____

Name: _____

Attachment 1

1. Please provide explanatory details of your listed event:

NOTICE OF 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.



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Attachment 3

Business and Professions Code (BPC) Section 5096.2(a) List of Disqualifying Conditions

- No longer qualifies under, or complies with the provisions of the practice privilege article, including, but not limited to, BPC section 5096, or implementing regulations
- Any act that if committed by an applicant for licensure would be grounds for denial of a license under BPC section 480
- Any act that if committed by a licensee would be grounds for discipline under BPC section 5100
- Any act outside California that would be a violation if committed within California
- Conviction of any crime other than a minor traffic violation¹
- Revocation, suspension, denial, surrender, or other discipline or sanctions involving any license, permit, registration, certificate, or other authority to practice any profession in California or any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board
- Any judgment or arbitration award against the individual involving professional conduct of the individual in the amount of \$30,000 or greater
- Any other conditions as specified by the CBA in regulation²

¹ For purposes of the current practice privilege provisions, CBA Regulations section 18(b)(1) defines a minor traffic violation as infractions under \$1000 not involving alcohol, dangerous drugs, or controlled substances.

² The CBA has not specified any additional disqualifying conditions via regulation.

- C. I have been barred from practicing before the United States Securities and Exchange Commission or the Public Company Accounting Oversight Board.
- D. I have had my right to practice before any governmental body or agency suspended.

If you checked a box above, you are not authorized to practice public accountancy in California unless and until you receive written approval from the CBA.

Are you seeking approval to continue practicing in California? Yes No

You must complete and return Attachment 1 providing explanatory details along with this form to the CBA to meet your reporting requirement.

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 form. 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.

Signature: _____

Date: _____

Name: _____

Attachment 1

1. Please provide explanatory details and any supporting documentation of your condition requiring cessation of practice:

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.



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Attachment 5

OUT-OF-STATE ACCOUNTING FIRM REGISTRATION FORM

This form must be completed by out-of-state accounting firms that intend to perform any of the following services for an entity headquartered in California:

- An audit or review of a financial statement;
- A compilation of a financial statement when it is expected, or reasonably might be expected, that a third party will use the financial statement and the compilation report does not disclose a lack of independence; or,
- An examination of prospective financial information.

Section A: Firm Information

Instructions: Unless otherwise noted, all of the below information is required.

Firm Name

Address of Principal Place of Business (Address of Record)

City

State

Zip Code

Mailing Address (If different than above)

City

State

Zip Code

Business Telephone Number

()

Fax Number

()

Business E-mail:

Social Security Number (only required for sole proprietorships):*

Federal Employer Identification Number (required for general partnerships, limited partnerships and limited liability partnerships):*

Out-of-State Accounting Firm Registration Form

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Section B: Licensure Information

Instructions: Provide the state of licensure, license number, and license expiration date for all states in which the firm is licensed or otherwise authorized to practice public accountancy. Attach additional pages, if necessary.

| | | |
|--------------------|----------------|-----------------|
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |
| State of Licensure | License Number | Expiration Date |

Section C: Form of Legal Organization

Instructions: Check the box that corresponds to the form of legal organization under which the firm is licensed or otherwise authorized to practice public accountancy.

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> General Partnership |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Limited Partnership (LP) |
| <input type="checkbox"/> Limited Liability Company (LLC) | <input type="checkbox"/> Limited Liability Partnership(LLP) |

Out-of-State Accounting Firm Registration Form

Page 3 of 6

Section D: Enforcement Actions

Instructions: Have any of the following enforcement actions been taken against any of the licenses listed in Section B? (Check all that apply)

- Pending disciplinary action such as an accusation filed.
- Revocation or suspension, including stayed revocation or stayed suspension.
- Probation or other limitation on practice ordered by a state board of accountancy including any interim suspension order.
- Temporary restraining order or other restriction on practice ordered by a court.
- Public letter of reprimand issued.
- Infraction, citation, or fine imposed.
- Any other enforcement related orders of a state board of accountancy.

Section E: Firm Ownership Information

Instructions: An out-of-state accounting firm must provide a list of all owners associated with the firm. Please complete Attachment 1 and provide all of the required information as described below. Attach additional pages, if necessary.

Sole Proprietorship

The full name, address, license number, state of licensure, and expiration date of the license.

General Partnerships, Limited Partnership, and Limited Liability Partnership

A list of all Certified Public Accountant (CPA) partners, including full name, address, license number, state of licensure, and expiration date of the license.

A list of all non-CPA partners, including full name and address** for each partner.

Corporations

A list of all Certified Public Accountant (CPA) shareholders, including full name, address, license number, state of licensure, and expiration date of the license.

A list of all non-CPA shareholders, including full name and address for each shareholder.

Limited Liability Company

A list of all CPA directors or members, including full name, address, license number, state of licensure, and expiration date of the license.

A list of all non-CPA directors or members, the list must include the full name and address for each director or member.

Out-of-State Accounting Firm Registration Form

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Section F: Important Notice

Instructions: By signing the penalty of perjury statement below and submitting this registration form, you are certifying that you have received and read this notice.

- The practice of public accountancy by the accounting firm is limited to authorized practice by the holder of a practice privilege provided for by California Business and Professions Code Section 5096.
- If the firm engages in the practice of public accountancy through a practice privilege holder, it has consented to the personal, subject matter, and disciplinary jurisdiction of the California Board of Accountancy.
- The California Board of Accountancy may revoke, suspend, issue a fine pursuant to Article 6.5 (commencing with Section 5116 of the California Business and Professions Code), or otherwise restrict or discipline the firm for any act that would be grounds for discipline against a holder of a practice privilege through which the firm practices.
- Pursuant to Sections 2105, 15909.02, 16959, and 17451 of the California Corporations Code, before transacting intrastate business in California a business must first qualify and register with the California Secretary of State. For the purposes of determining if a business is transacting intrastate business, Section 191, subdivision (ai) of Section 15901.02, and subdivision (ap) of Section 17001 of the California Corporations Code defines transacting intrastate business as entering into repeated and successive transactions of its business in California, other than in interstate or foreign commerce.
- Any material misrepresentation of any information on the application is grounds for refusal or subsequent revocation of the registration.
- For sole proprietors and partnerships: The California State Board of Equalization (BOE) and the California Franchise Tax Board (FTB) may share taxpayer information with the CBA. You are required to pay your state tax obligation and your license may be suspended or your renewal application denied if the state tax obligation is not paid and your name appears on either the BOE or FTB certified list of top 500 tax delinquencies (Section 494.5 of the California Business and Professions Code).

Section G: Penalty of Perjury Statement

I hereby certify, under penalty of perjury under the laws of the State of California, that I am a person authorized to act for and bind the applicant and that all statements, answers, and representations made on this form and any accompanying attachments are true, complete, and accurate to the best of my knowledge. I further certify that I have read this entire registration form. By submitting this form and signing below, I am granting permission to the California Board of Accountancy to verify the information provided and to perform any investigation pertaining to the information I have provided on behalf of the firm as the California Board of Accountancy deems necessary.

Signature

Date

Printed Name

Title

Out-of-State Accounting Firm Registration Form

Page 5 of 6

NOTICE OF PERSONAL INFORMATION COLLECTION AND ACCESS:

The information provided in this form will be used by the California Board of Accountancy to determine whether the out-of-state firm qualifies for registration in California. Sections 30, 31, 5035.3, 5070, and 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, Board of Equalization, the Franchise Tax Board 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.

*Disclosure of your social security number if you are a sole proprietor or federal employer identification number ("FEIN") if you are a partnership is mandatory. Section 30 of the California Business and Professions Code and Public Law 94-455 (42 USCA 405(c)(2)(C)) authorize collection of your social security number. Your social security number or FEIN will be used exclusively for tax enforcement purposes or compliance with any judgment or order for family support in accordance with section 17520 of the California Family Code. If you fail to disclose your social security number or your FEIN, your application for initial or renewal license will not be processed AND you may be reported to the Franchise Tax Board, which may assess a \$100 penalty against you.

**If provided to the Board and identified as residential or home, addresses will not be made available to the public unless listed as the "address of record" on the application.

Out-of-State Accounting Firm Registration Form

| Attachment 1 – Detailed Firm Ownership Information | | | | |
|---|-------------------|--------------------|----------------|-----------------|
| CPA Owners, Partners, Shareholders, Directors, and Members | | | | |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Full Name | Address of Record | State of Licensure | License Number | Expiration Date |
| Non-CPA Owners, Partners, Shareholders, Directors, and Members | | | | |
| Full Name | Address of Record | | | |
| Full Name | Address of Record | | | |
| Full Name | Address of Record | | | |
| Full Name | Address of Record | | | |
| Full Name | Address of Record | | | |

**DEPARTMENT OF CONSUMER AFFAIRS**

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**MSG Item IV.**

July 23, 2014

CBA Item XI.C.4

July 24, 2014

Overview of the Consumer Protection Provisions of the California Practice Privilege Law (Article 5.1 of Chapter 1 of Division 3 of the Business and Professions Code (BPC)) and Proposed Timeline for Future Discussions

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: May 12, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with an overview of the consumer protection provisions in California's practice privilege law (also known as the mobility law) and a possible schedule for its future deliberations as to whether these provisions are adequate to protect the public.

Action(s) Needed

The MSG will be asked to approve a proposed schedule for considering whether the provisions of the mobility law are consistent with the California Board of Accountancy's (CBA) duty to protect the public.

Background

At its March 2014 meeting, the MSG requested a review of the existing consumer protection provisions in the mobility law. The MSG is charged with considering whether the provisions of the mobility law are consistent with the CBA's duty to protect the public.

Comments

Pursuant to Business and Professions Code (BPC) section 5000.1 (**Attachment 1**), protection of the public shall be the highest priority for the CBA in exercising its licensing, regulatory, and disciplinary functions. The mobility law was designed by the Legislature and stakeholders to protect California consumers while allowing out-of-state CPAs to practice public accounting in California without (in most cases) providing notice or paying a fee.

The consumer protection provisions were designed in such a way as to address potential concerns regarding a no notice, no fee program. With this type of program, the CBA would no longer be actively aware of who was practicing public accounting in California from out-of-state.

Attachment 2 is a summary of the consumer protection provisions in the mobility law listed by code section. This summary is intended to serve as a foundation for future discussions. The complete mobility law is found as **Attachment 3**.

Overview of the Consumer Protection Provisions of the California Practice Privilege Law (Article 5.1 of Chapter 1 of Division 3 of the Business and Professions Code (BPC)) and Proposed Timeline for Future Discussion

Page 2 of 3

Staff propose that the MSG discuss the following consumer protection provisions over the course of the next two meetings. Each discussion will allow the MSG to review in detail, deliberate, determine whether the provisions are consistent with the CBA's duty to protect consumers, and to make recommendations to the CBA. It is envisioned that the MSG will decide at each meeting which portions of the law are adequate for consumer protection and which portions may need some modification to make it adequate.

Qualifying and Pre-Notification – BPC sections 5096 (a), (d), and (i)

This discussion will cover two major areas of the law. The first topic will be the qualifications necessary for exercising a practice privilege, such as licensure, states which are substantially equivalent, and experience as a CPA. The second topic is the pre-notification requirement for those who have had certain disqualifying events during the previous seven year period necessitating the filing of a form with the CBA prior to practice. The discussion will also cover the penalties for failure to comply with these requirements.

Cessation of Practice – BPC sections Section 5096 (e)-(h)

This discussion will focus on the conditions under which a practice privilege holder must cease practicing in California and file a form with the CBA. The discussion will also cover the penalties for failure to comply with these requirements.

Unqualified Practice and Administrative Suspension – BPC sections 5096.1 and 5096.4

This discussion will cover two topics. The first will be a discussion regarding unqualified practice, both what it is and the penalties for engaging in such practice. The second is a discussion regarding the administrative suspension process. It will cover what it is, how it is lifted, and in what cases it might be used.

Revocation and other Disciplinary Actions – BPC section 5096.2

This discussion will center on the formal disciplinary process, as defined in the Administrative Procedure Act, and how it applies to the practice privilege program. It will cover what events can lead to revocation and other discipline.

Experience, Definitions, Investigations, and Regulations – BPC sections 5096.5, 5096.7, 5096.8, and 5096.9

This discussion will be highly varied as it will cover the experience needed in order to be authorized to sign attest reports, the various definitions in the mobility law, the CBA's authority to conduct investigations regarding practice privilege holders, and the CBA's ability to adopt regulations as needed to govern the mobility program.

Out-of-State Accounting Firms, Determinations, and the MSG – BPC sections 5096.12 and 5096.21

This discussion will most likely focus on the out-of-state accounting firm registration process. This process allows firms to register in California in order to allow a practice privilege holder working for the firm to perform certain attest services for California

Overview of the Consumer Protection Provisions of the California Practice Privilege Law (Article 5.1 of Chapter 1 of Division 3 of the Business and Professions Code (BPC)) and Proposed Timeline for Future Discussion

Page 3 of 3

headquartered entities. The remainder of the discussion will focus on the MSG and the legislative report which will be submitted by July 1, 2015. Also discussed will be the MSG and its role as a consumer protection element of the mobility law.

CBA Website – BPC section 5096.20

The final section for discussion will be regarding the laws governing the consumer protection elements that must be posted to the CBA website. It is anticipated that usage data will be available at this time covering the first 18 months of mobility.

The outcomes of the discussions will be used in preparing the MGS's final report by 2017.

Fiscal/Economic Impact Considerations

There is no fiscal or economic impact for this item.

Recommendation

Staff recommends approving the above identified consumer protection provisions as discussion topics for the next two MSG meetings.

Attachments

1. Business and Professions Code Section 5000.1
2. Summary of the Consumer Protection in the Mobility Law
3. California's Practice Privilege Law



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Attachment 1

Business and Professions Code Section 5000.1

Protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

(Added by Stats. 2002, Ch. 107, Sec. 23. Effective January 1, 2003.)

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**Attachment 2****Summary of Consumer Protection Provisions in the Mobility Law****In Section 5096**

- (a) The individual must possess a valid and current license and must satisfy one of the following:
- (1) continually practiced under a valid license for at least four of the last ten years
 - (2) the license must be from a substantially equivalent state
 - (3) the individual must possess substantially equivalent education, examination and experience.
- (d) Performance of certain attest functions may only be performed through a firm registered with the CBA.
- (e)
- (1) The individual is subject to the jurisdiction and discipline of the CBA.
 - (2) The individual must comply with the CBA's laws and rules except for continuing education and the ethics exam requirements.
 - (3) The individual may not work out of an office in California unless they are an employee of a CBA registered firm working from that firm's offices.
 - (4) Process may be served on the individual's licensing board.
 - (5) The individual is required to cooperate with the CBA.
 - (6) The individual must cease practice if their license has disciplinary action taken against it.
 - (7) The individual must cease practice if they are convicted of any crime involving dishonesty.
 - (8) The individual must cease practice if the Securities and Exchange Commission (SEC) or the Public Company Accounting Oversight Board (PCAOB) bars them from practicing before them.
 - (9) The individual must cease practice if any governmental body or agency suspends their right to practice before them.
 - (10) The individual must notify the CBA of pending criminal charges.
- (f) If the individual is required to cease practice, they must notify the CBA within 15 days and may not practice until the CBA provides written permission.
- (g) If the individual fails to cease practice or notify the CBA, the practice privilege is suspended for at least one year; two years if the CBA believes it was intentional.
- (h) The CBA must require an individual who provides the notice to cease practice until it gives written permission to resume practice.
- (i)
- (1) Individuals who met the following criteria within the past seven years must pre-notify the CBA and await written permission from it prior to practicing in California:

- (A) has been the subject of final disciplinary action
 - (B) has had a license reinstated after a suspension or revocation
 - (C) has been denied issuance or renewal of a license
 - (D) has been convicted of a crime or is subject to pending criminal charges
 - (E) has acquired a disqualifying condition from Section 5096.2(a).
- (2) Individuals who fail to pre-notify the CBA or who fail to cease practice are subject to the jurisdiction and discipline of the CBA and are not allowed to practice in California for a minimum of one year; two years if the CBA believes it was intentional.

In Section 5096.1

- (a) An individual licensed by another state who does not qualify for a practice privilege, but is engaged in the practice of public accountancy in California is:
- (1) practicing unlawfully
 - (2) subject to the jurisdiction and discipline of the CBA and state
 - (3) able to have process served on them through their licensing board.
- (b) The CBA may revoke a practice privilege of anyone violating this section or who has committed any act which would be grounds for discipline.

In Section 5096.2

- (a)
- (1) Practice privileges may be revoked for
 - (A) No longer qualifying for a practice privilege
 - (B) Committing an act that would be grounds for denial of a license
 - (C) Committing an act that would be grounds for discipline
 - (D) Committing an act outside of California that would be a violation in California
 - (E) Acquiring a disqualifying condition in paragraph (2)
 - (2) Disqualifying conditions are
 - (A) Conviction of a crime other than a minor traffic violation
 - (B) Any professional license or authority to practice that has been disciplined
 - (C) Any judgement or award involving professional conduct in excess of \$30,000
 - (D) Any other conditions specified in regulation
- (c) An individual whose practice privilege has been revoked must apply to the CBA for reinstatement no less than a year after the revocation's effective date.
- (d) The holder of a practice privilege is subject to suspension, citations, fines, or other disciplinary actions for conduct that would be grounds for discipline of a CBA licensee or for violations of the mobility law.
- (e) The CBA may recover costs as a part of any disciplinary proceedings.
- (f) Discipline of a practice privilege falls under the same rules used to discipline a CBA licensee.

- (g) If a practice privilege is revoked or limited, the CBA notifies the licensing entities, the SEC, the PCAOB, and National Association of State Boards of Accountancy (NASBA).

In Section 5096.4

- (a) The Executive Officer (EO) or the CBA may administratively suspend (ASO) a practice privilege without notice or hearing in order to conduct an investigation.
- (b) The ASO is effective immediately.
- (c) The ASO provides a right to an appeal under the Administrative Procedure Act.
- (d) The burden of proof is on the holder of the practice privilege.
- (e) The ASO stays in effect until an order of the CBA or EO.

Section 5096.5

- (a) A practice privilege holder must meet the attest experience requirement in order to be authorized to sign attest reports.

In Section 5096.7

- (a) A practice privilege is the same as a license for purposes of the Accountancy Act.

In Section 5096.8

All of the CBA's authority in the Accountancy Act is applicable to the mobility law as well.

In Section 5096.9

The CBA may adopt regulations as needed for the mobility law.

In Section 5096.12

- (a) An out-of-state licensed firm with no office in California may practice in California through the holder of a practice privilege.
 - (1) Such practice is limited by the practice privilege of the holder.
 - (2) Such a firm is under the jurisdiction and discipline of the CBA.
- (b) The CBA may discipline a firm for any act that would be grounds for discipline against a holder of a practice privilege.
- (c) A firm providing certain attest services must register with the CBA.

In Section 5096.20

- (a) The CBA website must have a license lookup for out-of-state licensees that contains information at least equivalent to the prior practice privilege information that was available on the CBA website. This information includes:

- (1) Search by name and state of licensure
 - (2) Information possessed by the CBA that it is authorized to publically disclose including actions taken against the individual
 - (3) A disclaimer when the user is referred to another website
 - (4) A statement that consumers can file complaints against out-of-state licensees
 - (5) Links that provide the most complete information about an individual's license status (typically, the individual's licensing entity)
 - (6) If another licensing entity does not have a website with a license lookup feature, a link to that entity's contact information with a disclaimer.
- (b) The CBA must review all linked websites to ensure its disclaimers are accurate.

In Section 5096.21

- (a) After January 1, 2016, if the CBA determines allowing another state's licensees to practice under the mobility law in California violates its duty to protect consumers, it must require such licensees to obtain a practice privilege using the prior practice privilege system with its notice and fee provisions.
- (e) The CBA shall convene the Mobility Stakeholder Group to consider the provisions of the mobility law and whether they are consistent with the CBA's role of protecting consumers and to consider whether the provisions of the mobility law are meeting the objectives of stakeholders.

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Attachment 3

California's Practice Privilege Law**Accountancy Act Article 5.1. Practice Privileges****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:

- (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 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 the board of any pending criminal charges, other than for a minor traffic violation, in any jurisdiction.

(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.

5096.1.

(a) Any individual, not a licensee of this state, who is engaged in any act which is the practice of public accountancy in this state, and who does not qualify to practice pursuant to the practice privilege described in Section 5096 and who has a license, certificate, or other authority to engage in the practice of public accountancy in any other state, regardless of whether active, inactive, suspended, or subject to renewal on payment of a fee or completion of an educational or ethics requirement, is:

(1) Deemed to be practicing public accountancy unlawfully in this state.

(2) Subject to the personal and subject matter jurisdiction and disciplinary authority of the board and the courts of this state to the same extent as a holder of a valid practice privilege.

(3) Deemed to have appointed the regulatory agency of the state that issued the individual's certificate or license as the individual's agent on whom notice, subpoenas, or other process may be served in any action or proceeding by the board against the individual.

(b) The board may revoke a practice privilege from any individual who has violated this section or implementing regulations or committed any act which would be grounds for discipline against the holder of a practice privilege.

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

(d) 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.

5096.2.

(a) (1) Practice privileges may be revoked for any of the following reasons:

(A) If an individual no longer qualifies under, or complies with, the provisions of this article, including, but not limited to, Section 5096, or implementing regulations.

(B) If an individual commits any act that if committed by an applicant for licensure would be grounds for denial of a license under Section 480.

(C) If an individual commits any act that if committed by a licensee would be grounds for discipline under Section 5100.

(D) If an individual commits any act outside of this state that would be a violation if committed within this state.

(E) If an individual acquires at any time, while exercising the practice privilege, any disqualifying condition under paragraph (2).

(2) Disqualifying conditions include:

(A) Conviction of any crime other than a minor traffic violation.

(B) Revocation, suspension, denial, surrender, or other discipline or sanctions involving any license, permit, registration, certificate, or other authority to practice any profession in this or any other state or foreign country or to practice before any state, federal, or local court or agency, or the Public Company Accounting Oversight Board.

(C) Any judgment or arbitration award against the individual involving the professional conduct of the individual in the amount of thirty thousand dollars (\$30,000) or greater.

(D) Any other conditions as specified by the board in regulation.

- (3) The board may adopt regulations exempting specified minor occurrences of the conditions listed in subparagraph (B) of paragraph (2) from being disqualifying conditions under this subdivision.
- (b) The board may revoke practice privileges using either of the following procedures:
- (1) Notifying the individual in writing of all of the following:
 - (A) That the practice privilege is revoked.
 - (B) The reasons for revocation.
 - (C) The earliest date on which the individual may qualify for a practice privilege.
 - (D) That the individual has a right to appeal the notice and request a hearing 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) if a written notice of appeal and request for hearing is made within 60 days.
 - (E) That, if the individual does not submit a notice of appeal and request for hearing within 60 days, the board's action set forth in the notice shall become final.
 - (2) Filing a statement of issues under the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).
- (c) An individual whose practice privilege has been revoked may only subsequently exercise the practice privilege upon application to the board for reinstatement of the practice privilege not less than one year after the effective date of the notice or decision revoking the practice privilege, unless a longer time period is specified in the notice or decision revoking the practice privilege.
- (d) Holders of practice privileges are subject to suspension, citations, fines, or other disciplinary actions for any conduct that would be grounds for discipline against a licensee of the board or for any conduct in violation of this article or regulations adopted thereunder.
- (e) The board may recover its costs pursuant to Section 5107 as part of any disciplinary proceeding against the holder of a practice privilege.
- (f) 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), including, but not limited to, the commencement of a disciplinary proceeding by the filing of an accusation by the board, shall apply under this article.
- (g) If the board revokes or otherwise limits an individual's practice privilege, the board shall promptly notify the regulatory agency of the state or states in which the individual is licensed, and the United States Securities and Exchange Commission, the Public Company Accounting Oversight Board, and the National Association of State Boards of Accountancy.
- (h) 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.

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.

(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.

5096.5.

(a) Notwithstanding any other provision of this article, an individual may not sign any attest report pursuant to a practice privilege unless the individual meets the experience requirements of Section 5095.

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

(c) 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.

5096.6.

(a) In addition to the authority otherwise provided for by this code, the board may delegate to the executive officer the authority to issue any notice or order provided for in this article and to act on behalf of the board, including, but not limited to, issuing an

interim suspension order, subject to the right of the individual to timely appeal and request a hearing as provided for in this article.

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

(c) 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.

5096.7.

(a) Anywhere the term “license,” “licensee,” “permit,” or “certificate” is used in this chapter or Division 1.5 (commencing with Section 475), it shall include persons holding practice privileges under this article, unless otherwise inconsistent with the provisions of the article.

(b) Anywhere the term “employee” is used in this article it shall include, but is not limited to, partners, shareholders, and other owners.

(c) For purposes of this article, the term “license” includes certificate or permit.

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

(e) 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.

5096.8.

In addition to the authority otherwise provided by this code, all investigative powers of the board, including those delegated to the executive officer, shall apply to investigations concerning compliance with, or actual or potential violations of, the provisions of this article or implementing regulations, including, but not limited to, the power to conduct investigations and hearings by the executive officer under Section 5103 and to issuance of subpoenas under Section 5108.

5096.9.

(a) The board is authorized to adopt regulations to implement, interpret, or make specific the provisions of this article.

(b) The board shall adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to establish policies, guidelines, and procedures to initially implement this article as it goes into effect on July 1, 2013. The adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State in accordance with the Administrative Procedure Act.

5096.12.

(a) A certified public accounting firm that is authorized to practice in another state and that does not have an office in this state may engage in the practice of public accountancy in this state through the holder of a practice privilege provided that:

(1) The practice of public accountancy by the firm is limited to authorized practice by the holder of the practice privilege.

(2) A firm that engages in practice under this section is deemed to consent to the personal, subject matter, and disciplinary jurisdiction of the board with respect to any practice under this section.

(b) The board may revoke, suspend, issue a fine pursuant to Article 6.5 (commencing with Section 5116), issue a citation and fine pursuant to Section 125.9, or otherwise restrict or discipline the firm for any act that would be grounds for discipline against a holder of a practice privilege through which the firm practices.

(c) A firm that provides the services described in subdivision (d) of Section 5096 shall obtain a registration from the board.

(d) 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.

5096.20.

(a) To ensure that Californians are protected from out-of-state licensees with disqualifying conditions who may unlawfully attempt to practice in this state under a practice privilege, prior to July 1, 2013, the board shall add an out-of-state licensee feature to its license lookup tab of the home page of its Internet Web site that allows consumers to obtain information about an individual whose principal place of business is not in this state and who seeks to exercise a practice privilege in this state, that is at least equal to the information that was available to consumers through its home page prior to January 1, 2013, through the practice privilege form previously filed by out-of-state licensees pursuant to Section 5096, as added by Chapter 921 of the Statutes of 2004, and the regulations adopted thereunder. At minimum, these features shall include all of the following:

(1) The ability of the consumer to search by name and state of licensure.

(2) The disclosure of information in the possession of the board, which the board is otherwise authorized to publicly disclose, about an individual exercising a practice privilege in this state, including, but not limited to, whether the board has taken action of any form against that individual and, if so, what the action was or is.

(3) A disclaimer that the consumer must click through prior to being referred to any other Internet Web site, which in plain language explains that the consumer is being referred to an Internet Web site that is maintained by a regulatory agency or other entity that is not affiliated with the board. This disclaimer shall include a link to relevant sections of this article that set forth disqualifying conditions, including, but not limited to, Section 5096.2.

(4) A statement in plain language that notifies consumers that they are permitted to file complaints against such individuals with the board.

(5) A link to the Internet Web site or sites that the board determines, in its discretion, provides the consumer the most complete and reliable information available about the individual's status as a licenseholder, permitholder, or certificate holder.

(6) If the board of another state does not maintain an Internet Web site that allows a consumer to obtain information about its licensees including, but not limited to, disciplinary history, and that information is not available through a link to an Internet Web site maintained by another entity, a link to contact information for that board, which contains a disclaimer in plain language that explains that the consumer is being referred

to a board that does not permit the consumer to obtain information, including, but not limited to, disciplinary history, about individuals through the Internet Web site, and that the out-of-state board is not affiliated with the board.

(b) The board shall biennially survey the Internet Web sites and disclosure policies of other boards to ensure that its disclaimers are accurate.

(c) 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.

5096.21.

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

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

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

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

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

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

(d) (1) The board shall report to the relevant policy committees of the Legislature, the director, and the public, upon request, preliminary determinations made pursuant to this

section no later than July 1, 2015. The board shall, prior to January 1, 2016, and thereafter as it deems appropriate, review its determinations made pursuant to subdivision (b) to ensure that it is in compliance with this section.

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

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

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

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

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

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

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



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MSG Item V.
July 23, 2014

CBA Item XI.C.5.
July 24, 2014

Overview of the Implementation of the Current California Practice Privilege Law

Presented by: Jenny Sheldon, Practice Privilege and Examination Manager
Vincent Johnston, Enforcement Manger

Date: July 9, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with an overview of the actions undertaken by the California Board of Accountancy (CBA) to implement the current practice privilege law, with an emphasis on the CBA website.

Action(s) Needed

No specific action is required on this agenda item.

Background

On September 20, 2012 Governor Brown signed Senate Bill (SB) 1405, which, in part, substantially changed the practice privilege provisions of Business and Professions Code (BPC) section 5096 *et seq.* The new provisions allow out-of-state licensees to practice in California without providing the CBA a notice or fee, establish conditions under which an individual must provide notification prior to beginning practice in California or cease practicing if exercising a practice privilege in California, establish requirements for registration of an out-of-state accounting firm, and specify content to be included under the License Lookup tab of the CBA website.

Comments

The practice privilege portions of Senate Bill (SB) 1405 were amended into the bill in late June 2012. Staff immediately recognized the far-reaching effect the bill would have on the CBA's practice privilege provisions and internal processes, and created an internal implementation team of senior management and key program and enforcement staff. The implementation team began meeting in July 2012 with the express purpose of developing and carrying out an implementation plan associated with new the practice privilege provisions (**Attachment 1**).

Rulemaking Activities

At the January 2013 CBA meeting, the CBA directed staff to draft regulatory language necessary to implement the new practice privilege provisions and initiate the emergency rulemaking process.

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At its meeting in March 2013, the CBA adopted the final regulatory language. The emergency regulations were approved by the Office of Administrative Law and took effect on July 1, 2013 concurrently with the provisions of SB 1405. Through a separate rulemaking process, the regulations became permanent on December 18, 2013.

Information Management

As discussed in **MSG Agenda Item III**, SB 1405 implemented significant changes to the practice privilege requirements including both pre- and cessation notification requirements, an out-of-state accounting firm registration, detailed website content, and various reporting requirements. In order to process and store all of the information received by the CBA, the CBA information technology staff built an internal database known as "MOBI." MOBI allows staff to track all outstanding investigations, applications for registration as an out-of-state accounting firm, and displays information regarding registration and discipline on the CBA website. MOBI is linked to the Out-of-State Licensed CPAs and Out-of-State Registered Accounting Firms portions of the CBA License Lookup feature and updates the information in real time.

Website Content

As detailed in **MSG Agenda Item IV**, many consumer protection provisions were built into the new practice privilege law including specific website content. BPC section 5096.20 required the addition of an out-of-state licensee section to the License Lookup tab of the CBA website that, at minimum, includes the following:

- The ability to search by name and state of licensure. (**Attachments 2-3**)
- Information in the possession of the CBA about an individual exercising a practice privilege in California, including, but not limited to, any action the CBA has taken against the individual.
- A disclaimer that the consumer must click through prior to being referred to any other websites, which in plain language explains that the consumer is being referred to a website that is maintained by a regulatory agency or other entity that is not affiliated with the CBA, as well as a link to relevant sections of Article 5.1 of the Accountancy Act that set forth disqualifying conditions. (**Attachment 4**)
- A statement in plain language that notifies consumers that they are permitted to file complaints against such individuals with the CBA. (**Attachment 5**)
- A link to the websites that the CBA determines provides the consumer with the most complete and reliable information available about the individual's status as a license, permit, or certificate holder.
- If the board of another state does not maintain a website that allows a consumer to obtain information about its licensees including disciplinary history, and that information is not available through a link to a website maintained by another entity, a link to contact information for that board, which contains a disclaimer in plain language that explains that the consumer is being referred to a board that does not permit the consumer to obtain information, including disciplinary history, about individuals through the website, and that the out-of-state board is not

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affiliated with the CBA. The CBA is required to biennially survey the websites and disclosure policies of other boards to ensure that disclaimers remain accurate.

In determining whether to provide consumers a link directly to a state board's license lookup feature or to the board's contact information, staff focused on the completeness of available disciplinary information. Staff reviewed the website content and disclosure policies of each board of accountancy prior to the launch of the new website content and identified five boards as lacking the requisite disciplinary information – Commonwealth of Northern Mariana Islands, Guam, Kansas, North Dakota, and Puerto Rico. The CBA notified each state board in writing of its intent to post the disclaimer information and requested that the CBA be notified if the state board deemed the determination to be inaccurate.

The disclaimer language provided to consumers regarding states with incomplete license lookup information is provided in **Attachment 6**, with the exception of Puerto Rico, which is provided in **Attachment 7**. Puerto Rico is slightly different in that it uses a paid service through the National Association of State Boards of Accountancy that provides disciplinary information through the mail, not electronically. Staff will perform the required biennial survey of each state board's website and disclosure policies prior to July 1, 2015.

In order to fulfill the specific website content requirement related to providing information in the possession of the CBA about individuals and accounting firms exercising a practice privilege, the CBA gathers information obtained through the pre- and cessation of practice notification requirements, out-of-state accounting firm registrations, and the Securities and Exchange Commission and Public Company Accounting Oversight Board discipline reports.

Pre-Notification Requirement

An out-of-state licensee who meets one or more of the conditions listed in BPC section 5096(i) is required to notify the CBA and await written permission from the CBA before practicing in California. The licensee must complete the Practice Privilege Pre-Notification of Listed Events Form (Pre-Notification Form) that requests explanatory details related to five specific disciplinary actions. Of the 15 Pre-Notification Forms received, nine were inadvertently completed by out-of-state licensees that did not have a pre-notification reporting requirement. The remaining six were reviewed and authorized to practice.

Cessation of Practice Notification Requirement

An out-of-state licensee is required to immediately cease exercising a practice privilege, notify the CBA within 15 days, and await written permission to practice from the CBA if the regulatory agency in the state in which the individual's license was issued takes disciplinary action against the individual's license that arises from any of the circumstances listed in BPC section 5096(e). The licensee must complete the Notification of Cessation of Practice Privilege Form, which requests detailed information related to disciplinary action taken and whether the individual seeks to continue practicing in California. The CBA has not received any Cessation Event Forms to date.

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Out-of-State Accounting Firm Registration

An out-of-state licensee may only perform the accounting services listed in BPC section 5096(d) through an accounting firm that is registered with the CBA. The Out-of-State Accounting Firm Registration Form solicits information related to all licenses of the accounting firm, detailed ownership information, and whether disciplinary action has ever been taken against the accounting firm's license. All information provided on the registration form is verified with the appropriate state board of accountancy. The CBA has approved the registration of 199 out-of-state accounting firms.

SEC and PCAOB Discipline

In addition to the information that the CBA receives from these three forms, enforcement staff review the Disciplinary Actions pages of the SEC and PCAOB websites at least twice a year. Enforcement staff then updates MOBI to state that these licensees are prohibited from exercising a practice privilege in California, and send the licensee a letter informing him/her of the need to pre-notify and obtain CPA approval prior to beginning practice in California. In the past year, staff has identified 28 SEC disciplines and seven PCAOB restrictions.

Outreach

To ensure information related to the new notification and registration requirements, and website content was readily available to all interested parties, the CBA initiated a coordinated outreach, which included:

- Issuance of a press release upon the signing of SB 1405 and again in June 2013
- Mailing letters to all past and present practice privilege holders
- Publishing informational articles in three editions of UPDATE
- Posting a new practice privilege handbook to the CBA website along with an E-News alert
- Posting several messages on the CBA's social media accounts.

Website Demonstration

Staff will provide a live demonstration of the Out-of-State Licensed CPAs and Out-of-State Registered Accounting Firms portions of the CBA License Lookup website during the July MSG meeting. In addition to the information available on the CBA website from MOBI, CPAverify is an online central repository of information about licensed CPAs and public accounting firms maintained by the National Association of State Boards of Accountancy to provide a single-search resource covering participating jurisdictions where a person or firm has been licensed. The CBA provides a link to CPAverify on each out-of-state licensee search page. The CBA also created an interactive map for consumers to connect directly to the boards of accountancy in other states. In the case where the other state board does not maintain a website that includes disciplinary history, a disclaimer is provided to the consumer as required by law.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachments

1. SB 1405 Implementation Plan
2. Out-of-State Licensed CPA Search Page
3. Out-of-State Registered Accounting Firm Search Page
4. External Website Redirection Disclaimer
5. License Lookup Home Page
6. Disclaimer for States Without Complete License Lookup Information
7. Disclaimer for Puerto Rico's License Lookup Information

**CALIFORNIA BOARD OF ACCOUNTANCY
PROJECT OUTLINE**

Attachment 1

PROJECT TITLE: Strategic Plan Objective #3.2 – Implement a New Practice Privilege Program Following Passage of Senate Bill 1405

PROJECT OUTLINE MAINTAINED BY: Jenny Sheldon

UNIT: Practice Privilege Unit

UPDATED: June 16, 2014

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|------------|---|------------|-------------|-----------------------|---|-------------------|
| 1.0 | Rulemaking Activities | | | | | |
| 1.1 | Emergency Rulemaking | | | | | |
| 1.1.1 | Draft regulatory language | 8/14/2012 | 10/19/2012 | Matthew | | X |
| 1.1.2 | CBA approval of draft regulatory language | 11/16/2012 | 1/25/2013 | CBA | | X |
| 1.1.3 | Draft required emergency rulemaking materials | 11/16/2012 | 2/15/2013 | Matthew | Includes the preparation of the Finding of Emergency and Fiscal/Economic Impact Statement | X |
| 1.1.4 | CBA final approval of language | 3/22/2013 | 3/22/2013 | CBA | Only necessary if the CBA makes substantial changes to the draft regulatory language in January and direct staff to bring back the language prior to final approval | X |
| 1.1.5 | DCA and State and Consumer Services Agency (SCSA) review emergency rulemaking materials | 4/12/2013 | 6/12/2013 | DCA/SCSA | | X |
| 1.1.6 | Send emergency regulation materials to the CBA's interested parties list and post to the CBA's website. | 6/14/2013 | 6/14/2013 | Matthew | Staff will perform this at a minimum of five days prior to submitting to the Office of Administrative Law (OAL). | X |
| 1.1.7 | OAL reviews and renders determination on emergency regulations | 6/20/2013 | 6/28/2013 | OAL | OAL has 10 calendar days to review the emergency rulemaking materials. Staff will request an operative date of July 1, 2013 for the regulations. | X |

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|--------|--|------------|-------------|-----------------------|--|-------------------|
| 1.1.8 | Practice Privilege regulations take effect for 180 days | 7/1/2013 | 12/27/2013 | | | X |
| 1.1.9 | CBA re-adoption – 1 st | 11/22/2013 | 11/22/2013 | CBA | If the Certification of Compliance (detailed in 1.2) rulemaking process is not yet complete prior to the conclusion of the 180 days, the CBA can request two additional 90-day extensions. | X |
| 1.1.10 | 1 st re-adoption effective | 12/27/2013 | 3/27/2014 | | | X |
| 1.1.11 | CBA re-adoption – 2 nd | 1/2014 | 1/2014 | CBA | | X |
| 1.1.12 | 2 nd re-adoption effective | 3/27/2014 | 6/25/2014 | | | X |
| 1.2 | Certification of Compliance and Regular Rulemaking Materials | | | | | |
| 1.2.1 | Prepare certification of compliance | 11/2012 | 12/2012 | Matthew | The certification of compliance is, in essence, a regular rulemaking. | X |
| 1.2.2 | CBA approval of draft regulatory language | 3/22/13 | 3/22/13 | CBA | | X |
| 1.2.3 | Submit certification of compliance and regular rulemaking materials to OAL and DCA | 4/2/2013 | 4/2/2013 | Matthew | | X |
| 1.2.4 | Notify interested parties of the rulemaking | 4/12/2013 | 4/12/2013 | Matthew | | X |
| 1.2.5 | Public comment period | 4/12/2013 | 5/28/2013 | Public | Individuals can provide written comments at any time during the 45-day public comment period. | X |
| 1.2.6 | CBA conducts public hearing and approves final regulatory language | 7/25/2013 | 7/25/2013 | CBA | | X |

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|------------|--|------------|-------------|-----------------------|---|-------------------|
| 1.2.7 | Prepare and post 15-day re-notice | 7/29/2013 | 8/2/2013 | Matthew | Only necessary if the CBA makes changes to the language as a result of public comments received in writing or at the hearing or if technical changes are identified by the CBA or staff | X |
| 1.2.8 | Complete Certificate of Compliance rulemaking file | 8/19/2013 | 9/30/2013 | Matthew | | X |
| 1.2.9 | DCA, SCSA, and DOF review Certificate of Compliance rulemaking file. | 9/30/2013 | 3/28/2014 | DCA/SCSA/DOF | | X |
| 1.2.10 | OAL reviews and renders determination on final regulations | 4/11/2014 | 5/23/2014 | OAL | | X |
| 1.2.11 | Practice privilege regulations become final | 6/25/14 | 7/1/2014 | | | X |
| 2.0 | Outreach | | | | | |
| 2.1 | Press Releases | | | | | |
| 2.1.1 | Issue press release upon signing of SB 1405 | 8/2012 | 9/20/2012 | Lauren | | X |
| 2.1.2 | Issue press release prior to new provisions taking effect July 1, 2013 | 6/2013 | 6/2013 | Lauren | | X |
| 2.2 | Update Articles | | | | | |
| 2.2.1 | Develop article for Fall 2012 edition | 8/2012 | 9/2012 | Licensing Staff | Articles will focus on pertinent information related to getting the word out on California's practice privilege provision | X |
| 2.2.2 | Develop article for Spring 2013 edition | 10/2012 | 1/2013 | Licensing Staff | | X |
| 2.2.3 | Develop article for Fall 2013 edition | 8/1/2013 | 9/15/2013 | Licensing Staff | | X |

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|------------|---|------------|-------------|-----------------------|--|-------------------|
| 2.3 | Miscellaneous | | | | | |
| 2.3.1 | Mail letter to present and prior practice privilege holders regarding new practice privilege provisions | 1/15/2013 | 3/22/2013 | Licensing Staff | | X |
| 2.3.2 | Explore options for communication opportunities via social media | 1/2013 | Ongoing | Lauren | | X |
| 3.0 | CBA Website | | | | | |
| 3.1 | License Lookup – Consumers | | | | | |
| 3.1.1 | Redesign/develop web pages for License Lookup | 10/1/2012 | 4/30/2013 | Staff | Web License Lookup feature will be developed, at a minimum, in conformity with Business and Professions Code (BPC) section 5096.20 | X |
| 3.1.2 | CBA review of website | 5/24/2013 | 5/24/2013 | CBA | | X |
| 3.1.3 | Redesigned License Lookup feature goes live | 7/1/2013 | 7/1/2013 | Staff | | X |
| 3.2 | Out-of-State CPA/Accounting Firm Information | | | | | |
| 3.2.1 | Create practice privilege informational page to guide out-of-state CPAs and accounting firms regarding California's mobility provisions | 10/1/2012 | 4/30/2013 | Staff | | X |
| 3.2.2 | CBA review of website | 5/24/2013 | 5/24/2013 | CBA | | X |
| 3.2.3 | Out-of-state CPAs/accounting firm information and forms goes live | 7/1/2013 | 7/1/2013 | Staff | | X |

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|------------|---|---------------------------|------------------------------|--------------------------------|---|-------------------|
| 4.0 | Preliminary Determinations Report | | | | BPC section 5096.21(d) – Due July 1, 2015 | |
| 4.1 | Planning meetings to establish dates, expectations, and questions for research | April 2014 | July 2014 | Senior Staff/ Matthew/Vince | | |
| 4.2 | Research other state board enforcement information as determined in planning meetings | July 2014 | August 2014 | Matthew | | |
| 4.3 | Prepare draft report | November 2014 | February 2015 | Matthew | | |
| 4.4 | CBA review draft preliminary report | March 2015 CBA Meeting | March 2015 CBA Meeting | CBA | | |
| 4.5 | CBA review final preliminary report | May 2015 CBA Meeting | May 2015 CBA Meeting | CBA | | |
| 4.6 | Delivery of the final report | 6/30/2015 | 6/30/2015 | Matthew | Report will go to the Legislature, Director of DCA, and made available to the public upon request (which will be accomplished via posting to the CBA website) | |
| 4.2 | CBA review preliminary determinations made in July 1, 2015 report | July 2015 CBA Meeting | November 2015 CBA Meeting | CBA | This must be completed prior to January 1, 2016. | |
| 5.0 | Final Determinations Report | | | | BPC section 5096.21(f) – Due January 1, 2018 | |
| | Prepare draft report | 7/1/2017 | 8/15/2017 | Matthew | | |

| TASK # | TASK NAME | START DATE | FINISH DATE | STAFF / UNIT ASSIGNED | STATUS/COMMENTS | "X" WHEN COMPLETE |
|------------|---|----------------------------|----------------------------|-----------------------|--|-------------------|
| | CBA review draft report | September 2017 CBA Meeting | September 2017 CBA Meeting | CBA | | |
| | CBA review final report | November 2017 CBA Meeting | November 2017 CBA Meeting | CBA | | |
| | Delivery of the final report | 12/1/2017 | 12/15/2017 | Matthew | Report will go to the Legislature, Director of DCA, and made available to the public upon request (which will be accomplished via posting to the CBA website) | |
| 6.0 | Mobility Stakeholder Group (MSG) | | | | | |
| 6.1 | CBA considers composition of the MSG | November 2012 CBA Meeting | November 2012 CBA Meeting | CBA | BPC section 5096.21(e). Membership includes two members of the CBA, one CBA enforcement staff, two representatives of the accounting profession, and two consumer representatives | X |
| 6.2 | CBA President appoints MSG members | February 2014 | February 2014 | CBA | First meeting must occur on or before July 1, 2014 | X |
| 6.3 | MSG meeting | 3/20/2014 | 3/20/2014 | Taskforce | Held in conjunction with the March 2014 CBA meeting | X |
| 6.4 | MSG meeting | 7/23/2014 | 7/23/2014 | Taskforce | Held in conjunction with the July 2014 CBA meeting | |
| 6.5 | MSG meeting | 11/19/2014 | 11/19/2014 | Taskforce | Held in conjunction with the November 2014 CBA meeting | |
| 6.6 | MSG meeting | TBD | TBD | Taskforce | Meeting dates for the 2015 calendar year have yet to be scheduled | |

[California Board of Accountancy Out-of-State Licensed CPA Search](#)

Out-Of-State Licensed CPA

To search California Board of Accountancy records for information about out-of-state CPAs, enter the search criteria below.

Last Name

First Name

Middle Name

State

[NASBA CPAverify website](#)

NASBA CPAverify Website

In addition to the information available on the California Board of Accountancy website, CPAverify is an online central repository of information about licensed CPAs and public accounting firms maintained by the National Association of State Boards of Accountancy (NASBA) to provide a single-search resource covering participating jurisdictions where a person or firm has been licensed.

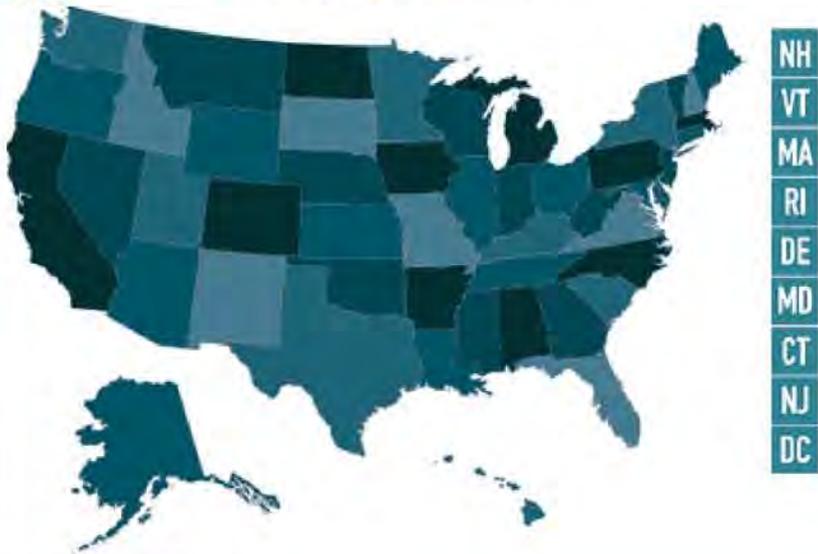


[Other State Board websites](#)

Other State Board websites

By selecting a state below, you will be directed to the state's official website related to the regulation of the practice of public accountancy. There you may be able to review the most timely and accurate information about CPAs licensed by that state.

- [Alabama](#)
- [Alaska](#)
- [Arizona](#)
- [Arkansas](#)
- [Colorado](#)
- [Commonwealth of Northern Mariana Islands](#)
- [Connecticut](#)
- [Delaware](#)
- [District Of Columbia](#)
- [Florida](#)
- [Georgia](#)
- [Guam](#)
- [Hawaii](#)
- [Idaho](#)
- [Illinois](#)
- [Indiana](#)
- [Iowa](#)
- [Kansas](#)
- [Kentucky](#)
- [Louisiana](#)
- [Maine](#)
- [Maryland](#)
- [Massachusetts](#)
- [Michigan](#)
- [Minnesota](#)
- [Mississippi](#)
- [Missouri](#)
- [Montana](#)
- [Nebraska](#)
- [Nevada](#)
- [New Hampshire](#)
- [New Jersey](#)
- [New Mexico](#)
- [New York](#)
- [North Carolina](#)
- [North Dakota](#)
- [Ohio](#)
- [Oklahoma](#)
- [Oregon](#)
- [Pennsylvania](#)
- [Puerto Rico](#)
- [Rhode Island](#)
- [South Carolina](#)
- [South Dakota](#)
- [Tennessee](#)
- [Texas](#)
- [United States](#)
- [Virgin Islands](#)
- [Utah](#)
- [Vermont](#)
- [Virginia](#)
- [Washington](#)
- [West Virginia](#)
- [Wisconsin](#)
- [Wyoming](#)



[Search Results Information Help](#)

Search Results Information Help

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California Board of Accountancy Out-of-State Registered Accounting Firm Search

Out-Of-State Registered Accounting Firm

To obtain information on out-of-state Registered Accounting Firms, enter the search criteria below.

Firm Name

California Registration Number

State

NASBA CPAverify website

NASBA CPAverify Website

In addition to the information available on the California Board of Accountancy website, CPAverify is an online central repository of information about licensed CPAs and public accounting firms maintained by the National Association of State Boards of Accountancy (NASBA) to provide a single-search resource covering participating jurisdictions where a person or firm has been licensed.



Other State Board websites

Other State Board websites

By selecting a state below, you will be directed to the state's official website related to the regulation of the practice of public accountancy. There you may be able to review the most timely and accurate information about CPAs licensed by that state.

[Alabama](#)

[Kansas](#)

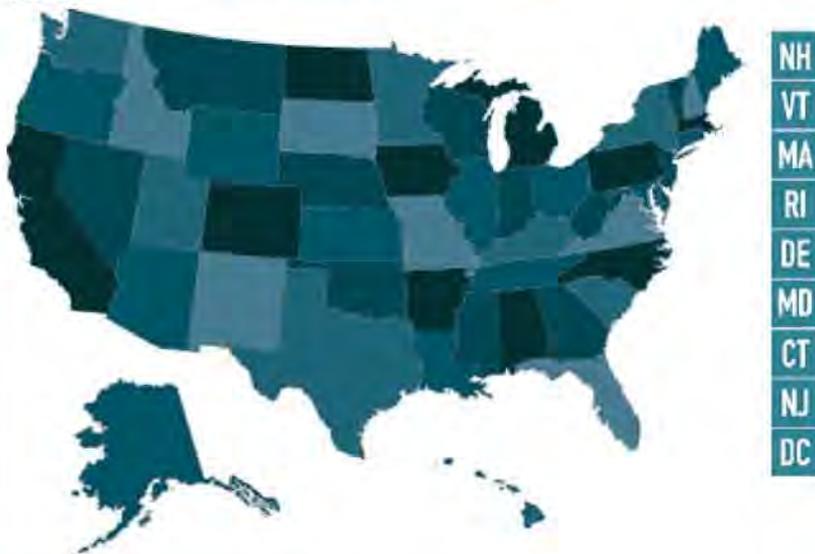
[Ohio](#)

[Alaska](#)

[Kentucky](#)

[Oklahoma](#)

| | | |
|--|--------------------------------|--------------------------------|
| Arizona | Louisiana | Oregon |
| Arkansas | Maine | Pennsylvania |
| Colorado | Maryland | Puerto Rico |
| Commonwealth of Northern Mariana Islands | Massachusetts | Rhode Island |
| Connecticut | Michigan | South Carolina |
| Delaware | Minnesota | South Dakota |
| District Of Columbia | Mississippi | Tennessee |
| Florida | Missouri | Texas |
| Georgia | Montana | United States |
| Guam | Nebraska | Virgin Islands |
| Hawaii | Nevada | Utah |
| Idaho | New Hampshire | Vermont |
| Illinois | New Jersey | Virginia |
| Indiana | New Mexico | Washington |
| Iowa | New York | West Virginia |
| | North Carolina | Wisconsin |
| | North Dakota | Wyoming |



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License Lookup

California-Licensed CPAs

A California-licensed CPA is an individual who has met the education, examination, and experience requirements of California State law and has been issued a license to practice public accountancy by the California Board of Accountancy (CBA).

California-Licensed Accounting Firms

A California-licensed accounting firm consists of accounting firms meeting minimum registration requirements to provide public accounting services in California. These firms consist of corporations and partnerships, as well as sole practitioners operating under a name different from the name on their CPA license.

Out-of-State Licensed CPAs

An individual, whose principal place of business is not in California and who has a valid and current license to practice public accountancy from another state, may, with limited exceptions, engage in the practice of public accountancy in California without obtaining a California license. In order for the individual to qualify for practice privilege, the out-of-state licensed CPA must satisfy one of the following:

- ✦ Have continually practiced public accountancy as a CPA in another state for at least four of the last 10 years
- ✦ Come from one of the [substantially equivalent states](#) that the CBA has deemed to have education, examination, and experience requirements substantially equivalent to its own licensure requirements found in [Business and Professions Code section 5093](#).
- ✦ Individually possess education, examination, and experience qualifications for licensure that the CBA has determined to be substantially equivalent to its own licensure requirements found in [Business and Professions Code section 5093](#).

In certain circumstances, an out-of-state CPA must either seek the approval of the CBA prior to engaging in the practice of public accountancy, or must cease practicing in California until such time as the CBA provides permission to continue practice. In addition, there are certain disqualifying conditions that can lead to the revocation of practice privilege.

- ✦ [List of events that would require an individual to seek approval prior to practicing in California](#)
- ✦ [List of events that would require an individual to cease practice in California](#)
- ✦ [List of disqualifying conditions that can lead to the revocation of a practice privilege](#)

If after performing a search of CBA records on an out-of-state license CPA you receive information that indicates no results are available, this does not mean that the individual is not authorized to practice public accountancy in California.

To file a complaint against an out-of-state licensed CPA, please complete the [CBA's complaint form](#).

Out-of-State Registered Accounting Firms

To perform certain services for a California-headquartered entity, an out-of-state accounting firm must first register with the CBA. The specific services that first require registration with the CBA include the following:

- ✦ An audit or review of a financial statement

- ⇒ A compilation of a financial statement when it is expected, or reasonably might be expected, that a third party will use the financial statement and the compilation report does not disclose a lack of independence.
- ⇒ An examination of prospective financial information.

To file a complaint against an out-of-state registered accounting firm, please complete the [CBA's complaint form](#).

External Website Notice**States Without Complete License Lookup Information**

This state board of accountancy does not provide the consumer sufficient opportunity to obtain information about individuals through their Internet website, including, but not limited to, disciplinary history. You will be taken to the appropriate contact information for this out-of-state board in order to further your inquiry.

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External Website Notice**Puerto Rico Disclaimer**

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For free and instant access to Puerto Rico's license information please visit [CPAverify](#).

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MSG Item VI.
July 23, 2014

CBA Item XI.C.6.
July 24, 2014

Overview of Practice Privilege/Mobility Provisions in Other States/Jurisdictions

Presented by: Dominic Franzella, Chief, Licensing Division

Date: June 20, 2014

Purpose of the Item

The purpose of this agenda item is to provide the Mobility Stakeholder Group (MSG) with the varying requirements for other states'/jurisdictions' practice privilege/mobility provisions.

Action(s) Needed

No specific action is required on this agenda item.

Background

At its March 21, 2014 meeting, the MSG requested that staff provide a summary of the differences regarding other states'/jurisdictions' practice privilege/mobility provisions.

Comments

The following items are being provided to the MSG:

- **Attachment 1** – A spreadsheet that provides a quick overview of key elements for other states'/jurisdictions' practice privilege/mobility provisions.¹
- **Attachment 2** – A compilation of detailed information regarding other states'/jurisdictions' practice privilege provisions as reported on the National Association of State Boards of Accountancy (NASBA) Accountancy Licensing Library (ALL).²

Additionally, staff has provided a summary of the information gleaned from reviewing the various provisions and preparing **Attachment 1** as it relates to the following topics: no notice/no fee, substantial equivalency by state, individual or both; quid pro quo

¹ To develop this spreadsheet, staff relied on the data found in **Attachment 2** and when unclear or unavailable, staff obtained the data from the specific state/jurisdiction. The information obtained from the ALL was done so as of June 11, 2014.

² The ALL is an online resource that provides up-to-date, CPA licensing information for all 55 state boards of accountancy.

Overview of Practice Privilege/Mobility Provisions in Other States/Jurisdictions

Page 2 of 3

requirement, specified disqualifying conditions, and applicable out-of-state accounting firm registration.

No Notice/No Fee

It appears that all states that have adopted practice privilege mobility provisions for individuals have done so with a no notice, no fee element.

Substantial Equivalency by State, Individual or Both

The vast majority of states rely on some form of substantial equivalency. All states reviewed provide an avenue for state substantial equivalency, with most using NASBA's list of substantially equivalent states. Many also provide for individual substantial equivalency should a state not consider another state's licensing requirements substantially equivalent. In these instances, many states (California included) require that the individual demonstrate individual substantial equivalency through NASBA's CredentialNet.

It only appears as though Alabama, Nebraska, North Carolina, and Oklahoma, simply rely on an out-of-state practitioner to hold a license to practice public accountancy, regardless of the state or the requirements under which the license was issued.

Quid Pro Quo Requirement

In reviewing the materials, staff identified two states – Georgia and Massachusetts – that maintain a quid pro quo element in their respective practice privilege/mobility provisions. In both cases, the rights of an out-of-state practitioner to practice in these states is tied to whether the state from which s/he was licensed offers similar practice rights to practitioners from these states.

Specified Disqualifying Conditions

Aside from maintaining an active license to practice public accountancy from another state, three states – Arkansas, Iowa, and New York – maintain certain specified disqualifying conditions that either bar individuals from practice via practice privilege/mobility (Arkansas, Iowa), or (like California) require pre-notification and clearance by the state/jurisdiction prior to practice via practice privilege/mobility (New York).

Applicable Out-of-State Accounting Firm Registration

The vast majority of states do continue to maintain out-of-state accounting firm registration requirements. While the types of services rendered may vary (with most requiring the threshold to be attest services), all appear to be tied to whether the service the out-of-state accounting firm is providing is to a client located in the state. This is similar to requirements found in California.

Fiscal/Economic Impact Considerations

None.

Overview of Practice Privilege/Mobility Provisions in Other States/Jurisdictions

Page 3 of 3

Recommendation

None.

Attachments

1. Overview of States'/Jurisdictions' Practice Privilege/Mobility Provisions
2. Detailed Overview of Individual States'/Jurisdictions' Practice Privilege/Mobility Provisions



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Attachment 1

Overview of States'/Jurisdictions' Practice Privilege/Mobility Provisions

| | No Notice/ No Fee | Substantial Equivalency by State, Individual or Both | Quid-Pro-Quo Requirement | Specified Pre-Practice Disqualifying Conditions | Outright Accounting Firm Mobility | Accounting Firm Registration Conditions Apply |
|-------------------------|-------------------|--|-----------------------------|---|--------------------------------------|---|
| Alabama | X | | | | X | |
| Alaska | X | X | | | | X |
| Arizona | X | X | | | X | |
| Arkansas | X | X | | X | | X |
| California | X | X | | X | | X |
| CNMI | -- | -- | -- | -- | -- | -- |
| Colorado | X | X | | | X | |
| Connecticut | X | X | | | | X |
| Delaware | X | X | | | X | |
| District of Columbia | X | X | | | | X |
| Florida | X | X | | | | X |
| Georgia | X | X | X | | | X |
| Guam | -- | -- | -- | -- | -- | -- |
| Hawaii | -- | -- | -- | -- | -- | -- |
| Idaho | X | X | | | X | |
| Illinois | X | X | | | | X |
| Indiana | X | X | | | X | X |
| Iowa | X | X | | X | | X |
| Kansas | X | X | | | | X |
| Kentucky | X | X | | | | X |
| Louisiana | X | X | | | | X |
| Maine | X | X | | | | X |
| Maryland | X | X | | | | X |
| Massachusetts | X | X | X | | | X |
| Michigan | X | X | | | | X |
| Minnesota | X | X | | | | X |
| Mississippi | X | X | | | | X |

Overview of States/Jurisdictions' Practice Privilege/Mobility Provisions

Page 2

| | No Notice/ No Fee | Substantial Equivalency by State, Individual or Both | Quid-Pro-Quo Requirement | Specified Disqualifying Conditions | Outright Accounting Firm Mobility | Accounting Firm Registration Conditions Apply |
|---------------------|-------------------|--|--------------------------|------------------------------------|-----------------------------------|---|
| Missouri | X | X | | | | X |
| Montana | X | X | | | | X |
| Nebraska | X | | | | | X |
| Nevada ¹ | X | X | | | | X |
| New Hampshire | X | X | | | | X |
| New Jersey | X | X | | | | X |
| New Mexico | X | X | | | | X |
| New York | X | X | | X | | X |
| North Carolina | X | | | | | X |
| North Dakota | X | X | | | X | |
| Ohio | X | X | | | X | |
| Oklahoma | X | | | | | X |
| Oregon | X | X | | | | X |
| Pennsylvania | X | X | | | | |
| Puerto Rico | -- | -- | -- | -- | -- | -- |
| Rhode Island | X | X | | | | X |
| South Carolina | X | X | | | | X |
| South Dakota | X | X | | | | X |
| Tennessee | X | X | | | X | |
| Texas | X | X | | | | X |
| Utah | X | X | | | X | |
| Vermont | X | X | | | | X |
| Virgin Islands | -- | -- | -- | -- | -- | -- |
| Virginia | X | X | | | | X |
| Washington | X | X | | | | X |
| West Virginia | X | X | | | | X |
| Wisconsin | X | X | | | X | |
| Wyoming | X | X | | | | X |

¹ Nevada has no notice, no fee mobility for all non-attest services in Nevada. If a CPA or accounting firm will be performing attest services for a client having its home office in Nevada, registration is required as an accounting firm or sole proprietorship.



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Attachment 2

Detailed Overview of Individual States'/Jurisdictions' Practice Privilege/Mobility Provisions



THE RESOURCE FOR ALL YOUR LICENSURE NEEDS

» Log Out

- Initial Licensure
- Reciprocal Licensure
- Practice Privilege
- Firm Registration
- Renewals/CPE
- Relinquish A License
- My Account

alabama

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective October 1, 2009, practice privileges became available in Alabama. Practice privileges were created by Act No. 2009-620 during the 2009 legislative session. The details of Act No. 2009-620 are provided below.

Beginning October 1, 2009, a CPA whose principal place of business is outside of Alabama may exercise all the privileges of Alabama CPAs without the need to obtain a license or pay a fee, if the individual holds an active permit, certificate or license which allows the person to engage in the practice of public accountancy as a CPA in another state. [Click here](#) to go to the Alabama State Board of Public Accountancy Mobility information page.

Practice Privileges extend to professional services offered or rendered, whether in person or by mail, telephone or electronic means, and no notice, fee or other submission shall be provided by any such individual.

Consent to Jurisdiction

By law, a CPA of another state exercising practice privileges in Alabama and the entity which employs the CPA consent, as a condition to the exercise of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board and the courts of Alabama.

Compliance with the provisions of the Alabama Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in this state individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by the Alabama Board against the licensee.

Out-of-state firms with no office in Alabama will not be subject to Alabama's firm registration requirements, which is consistent with current law.

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alaska

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective January 1, 2011, practice privileges became available in Alaska. Practice privileges were created by HB315 during the 2010 legislative session. The details of HB315 are provided below.

An individual who does not have a license in Alaska but who is licensed to practice public accounting in another state and whose principal place of business for the practice of public accounting is in the other state may engage in the practice of public accounting in Alaska under a practice privilege if:

The state in which the individual is licensed requires as a condition of licensure that an individual:

Have at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university;

Achieve a passing grade on the Uniform CPA Examination; and

Possess at least one year of experience, which includes providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills; the experience may be obtained through practice with the government, industry, colleges, universities, or the public; OR

The state does not require as a condition of licensure that an individual satisfy the above requirements but the individual's qualifications are substantially equivalent to the above listed requirements.

The education of an individual who holds a valid license to practice public accounting that is issued by another state before January 1, 2013, and who passes the Uniform CPA Exam before January 1, 2013, is exempt from the 150 hour educational requirement.

Alaska uses [this list of substantially equivalent jurisdictions](#) to assist CPA's in determining whether or not their home jurisdiction is considered substantially equivalent for mobility by the Alaska Board.

Unless the individual is a sole practitioner, if an individual who engages in the practice of public accounting under a practice privilege performs designated functions for a client whose home office is in Alaska, the individual may only provide the designated functions through a legal entity that has a permit.

An individual who is qualified to engage in the practice of public accounting in Alaska is not required to provide a notice to the Alaska Board, to pay a fee to the Board, or to submit documentation to the Board. The person may engage in practice privileges in Alaska by mail, by telephone, by electronic means, or in person.

Consent to Jurisdiction

An individual with a practice privilege who engaged in the practice of public accounting in Alaska, a legal entity with an Alaska permit or an out-of-state exemption issued by the Alaska Board who engaged in the practice of public accounting in Alaska, and a legal entity that hires an individual with a practice privilege shall:

Consent to the personal and subject matter jurisdiction and disciplinary authority of the Alaska Board;

Agree to comply with the Alaska laws, rules and regulations adopted by the Alaska Board;

Agree that the individual or legal entity will stop offering to engage or engaging in the practice of public accounting, whether individually or on behalf of a legal entity, if the license from the state of the individual's or legal entity's principal place of business becomes invalid; and

Consent to the appointment of the state board that issued the individual's license as the individual's or legal entity's agent for service of process in a court action or in another proceeding against the individual or legal entity that arises out of a transaction or an operation connected with or incidental to the individual's or legal entity's engagement in the practice of public accounting.

Firm Registration May Be Required

A legal entity that does not have an office in Alaska, that is authorized to practice public accounting in another state, and that performs designated functions for a client whose home office is located in Alaska may not engage in the practice of public accounting in Alaska unless the legal entity has an out-of-state permit.

"Designated Function" means:

An audit or other engagement performed in accordance with SAS;

An examination of prospective financial information performed in accordance with SSAE; or

An engagement performed in accordance with PCAOB.

The Board has confirmed that performance of services under SSARS will also trigger the need for an Alaska firm permit.

Requirements for an Out-of-state Permit include:

Firm must hold a current active license to practice public accounting in the other state;

Firm must participate in a quality review program comparable to the Alaska peer review program requirements;

Firm must complete and submit the proper application form; and

Firm must pay the fees required by the Alaska Board.

A legal entity that performs designated services but not designated functions for a client whose home office is located in Alaska may engage in the practice of public accounting in Alaska under an out-of-state exemption if the legal entity:

Does not have an office in Alaska;

Is authorized to practice public accounting in another state;

Performs the designated services through an individual with a practice privilege; and

Participates in a quality review program comparable to the program required in Alaska.

"Designated Service" means a review of a financial statement, if the performance of the review is established by the SSARS; or a compilation service.

A legal entity that does not have an office in Alaska, is authorized to practice public accounting in another state, and does not perform designated function or designated services for a client whose home office is located in Alaska may engage in the practice of public accounting in Alaska under an out-of-state exemption if the services that the legal entity performs within the practice of public accounting are performed:

Through an individual who has a practice privilege; and

Only to the extent that the legal entity can lawfully perform the services in the state where the individual with a practice privilege has the individual's principal place of business.

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arizona

Practice Privilege / Mobility / Interstate Practice Requirements

Limited Reciprocity Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Limited Reciprocity Privilege. A CPA who is not a resident of Arizona, does not have a principal place of business in Arizona, holds a valid registration, certificate or license as a CPA issued by another state, and who is not the subject of suspension or revocation of a certificate as provided by section 32-741 or relinquishment of a certificate as provided by section 32-741.04, ARS 32-725(B)(2), may exercise limited reciprocity privileges in Arizona if the Applicant either:

Holds a license in a state that requires as a condition of licensure that an individual has all of the following:

At least 150 semester hours of college education including a baccalaureate degree or higher degree that is conferred by an accredited institution or a college or university that maintains standards that are comparable to those of an accredited institution;

A passing grade on the Uniform CPA Examination;

At least one year of experience in the practice of accounting that has been verified; OR

The individual meets the qualifications for reciprocal licensure by substantial equivalency. (Click *Reciprocal Licensure* above to view the qualifications.)

Must not have been engaged in any conduct that would constitute grounds for revocation or suspension of a certificate or other disciplinary action.

Click here to view a [list of substantially equivalent jurisdictions](#) provided by the Arizona Board. If you are currently licensed with your principal place of business in a jurisdiction that is either non-substantially equivalent or marked with **, please contact the Arizona Board directly before exercising practice privileges in Arizona.

An out-of-state CPA who does not qualify for limited reciprocal privileges may enter Arizona and provide services limited to the following;

Expert witness services;

Teaching or lecturing; and

Other services as determined by the Arizona Board.

An individual qualifying for limited reciprocity privileges is considered to have qualifications that are substantially equivalent to the requirements of Arizona and has all the privileges of Arizona licensees without the need to obtain an Arizona CPA license. Such individuals may use the title "CPA" or "Certified Public Accountant" and may offer or practice accounting in person or by mail, telephone or electronic means. No notice, fee or other submission is required.

Consent to Jurisdiction

Each individual exercising the limited reciprocity privilege and each partnership, corporation or other entity engaging in the practice of accounting, shall consent to the following:

Shall comply with the Arizona board's laws and rules, and has the burden of demonstrating his/her eligibility to exercise the privilege in any investigation or other proceeding;

Shall cease offering or practicing accounting in person or by mail, telephone or electronic means in Arizona if the individual or entity no longer satisfies the requirements for eligibility;

Is subject to the personal and subject matter jurisdiction of the Arizona Board and its power to investigate complaints and take disciplinary action; and

Is subject to service by (1) the appointment of the state board that issued the registration, certificate or license to the individual as agent, on whom process may be served in any action or proceeding by the Board, or (2) directly on the person.

Firm Registration Requirements May Apply

A partnership, corporation or other entity formed under the laws of another state or US territory relating to the practice of public accounting in that state or US territory may use the title "CPA" or "CPA" in Arizona and may engage in the practice of accounting in Arizona, including the provision of attest services, without having to register as a firm if all of the following apply:

The partnership, corporation or other entity is owned by or employs an individual who is a limited reciprocity privilege holder;

The partnership, corporation or other entity is in good standing in its principal place of business under the laws of that jurisdiction relating to the practice of accounting;

The principal place of business of the limited reciprocity privilege holder is a recognized place of business for the practice of accounting by the partnership, corporation or other entity; and

The partnership, corporation or other entity does not have an office in Arizona and does not represent that it has an office in Arizona.

The partnership, corporation or other entity holds an active permit or registration as a CPA firm in another state or US territory.

The practice of accounting is performed by or under the direct supervision of an individual who is qualified for the limited reciprocity privilege.

arkansas

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective July 31, 2009, SB133 will provide practice privileges in Arkansas without the need to file notice with the Arkansas Board, pay a fee or obtain a temporary permit. The requirements for practice privileges under SB133 are set forth below.

An individual whose principal place of business is not in Arkansas and who holds a valid license as a CPA from a substantially equivalent state shall be presumed to have qualifications substantially equivalent to Arkansas's requirements; shall have all the privileges of licensees of Arkansas without the need to obtain a certificate or permit if the individual:

Has a valid license as a certified public accountant from a substantially equivalent state; OR

Has individual qualifications that are substantially equivalent with the CPA licensure requirements of the UAA.

Individuals must obtain an individual substantial equivalency evaluation from NASBA's CredentialNet Service verifying that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the UAA.

An individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirement in Section 17-12-302.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Arkansas, and no notice or other submission shall be provided by the individual.

An individual who held an Arkansas CPA certificate at one time whose Arkansas CPA certificate has been revoked or surrendered in connection with a disciplinary investigation or proceeding is prohibited from performing attest or compilation services or using the title "CPA" whether or not such individual may otherwise qualify for practice privileges.

Practice privileges are not available if:

The individual has been convicted of a felony under the laws of any jurisdiction.

The individual has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud, such as forgery, embezzlement, obtaining money under false pretenses, theft, extortion, conspiracy to defraud or similar offenses.

The individual's license to practice public accounting has been suspended, revoked or otherwise disciplined by a licensing authority in this or another state, territory or country, for any cause other than failure to pay appropriate fees. "Disciplined" includes the voluntary surrender of a license to resolve a pending disciplinary investigation or proceeding in Arkansas or other jurisdiction.

The individual's right to practice public accounting before any state or federal agency or before the PCAOB has been suspended or revoked.

The individual has applied for licensure as a CPA in Arkansas or other jurisdiction and that application has been denied.

The individual's authority to exercise practice privileges has been revoked in Arkansas or other jurisdictions.

Consent to Jurisdiction

An individual licensee of another state exercising the practice privilege and the CPA firm that employs the licensee, as a condition of the exercise of this privilege, simultaneously consent and agree to the following:

To the personal and subject matter jurisdiction and disciplinary authority of the Arkansas Board;

To comply with the Arkansas Board's rules and laws;

To cease offering or rendering professional services in Arkansas individually and on behalf of the firm if the license from the state of the individual's principal place of business is no longer valid; and

To the appointment of the state board that issued the license as the agent upon whom process may be served in the action or proceeding by the Arkansas Board against the licensee.

Firm Registration Requirements May Apply

An individual and firm who qualifies for practice privileges may perform the following services for a client with its home office in Arkansas only through a firm that has obtained an Arkansas firm permit:

A financial statement audit or other engagement to be performed in accordance with SAS;

An examination of prospective financial information to be performed in accordance with SSAE; or

An engagement to be performed in accordance with PCAOB.

A firm that does not have an office in Arkansas may perform compilations or a review of a financial statement to be performed in accordance with SSARS for a client having its home office in Arkansas and may use the title "CPA" or "CPA firm" without registered in Arkansas only if the firm:

Meets the qualifications for firms in Arkansas; and

Performs the services through an individual with practice privileges in Arkansas.

A firm that is not subject to firm registration in Arkansas under the above requirements may perform other professional services while using the title "CPA" or "CPA firm" in Arkansas without registering in Arkansas only if the firm:

Performs the services through an individual with practice privileges in Arkansas; and

Can lawfully performed the services in the state where the individual(s) with practice privileges have their principal place of business.

Corporations, LLCs, partnerships, sole proprietorships and other permissible forms of practice that are practicing in Arkansas under practice privileges are subject to the following:

Ownership: A person who does not hold a current valid license as a CPA in Arkansas or some other state or U.S. jurisdiction but who actively participates within Arkansas under a practice privilege firm must not hold himself out as a CPA and must not have ultimate responsibility for the performance of audits, review or compilations of financial statements, PCAOB engagements or any other form of attestation with regard to financial information.

Equity Ownership Limitations: Persons who are not CPAs or registered PAs shall not hold, in the aggregate, more than 49% of such firm's equity ownership or voting rights, or shall not receive, in the aggregate, more than 49% of the entity's profits or losses.

The principal executive officer, managing member or managing partner shall be a shareholder, member or partner who is a licensed CPA or PA, who holds a current, valid license in Arkansas or another state or jurisdiction. Directors, members, partners and officers who are not licensees shall not exercise any authority whatsoever over professional matters relating to the practice of public accounting.

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california

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

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 from the California Board if the individual satisfies one of the following:

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

The individual has a license, certificate, or permit from a state which has been determined by the board to have education, examination, and experience qualifications for licensure substantially equivalent to this state's qualifications. Pursuant to Reg 5.5, California considers all US jurisdictions to be substantially equivalent for mobility purposes except the US Virgin Islands.

The individual possesses education, examination, and experience qualifications for licensure which have been determined by the board to be substantially equivalent to this state's qualifications under Section 5093. Individual must apply to CredentialNet to obtain verification of their individual qualifications prior to exercising practice privileges in California.

Please Note: In order to sign any attest report, the holder of the practice privilege must meet the attest experience requirement of [Section 5095](#), which requires a minimum of 500 hours of experience, satisfactory to the board, in attest services.

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.

Firm Registration May Apply

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 California board:

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

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.

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

Consent to Jurisdiction

An individual who holds a practice privilege in California:

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

(2) Shall comply with the provisions of California's accountancy law, board regulations, and other laws, regulations, and professional standards applicable to the practice of public accountancy by the licensees of California and to any other laws and regulations applicable to individuals practicing under practice privileges in California except the individual is deemed, solely for the purpose of practice privileges, to have met the continuing education requirements and ethics examination requirements of California 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 California from any office located in this state, except as an employee of a firm registered in California. 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 California 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:

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

Fraud or misappropriation of funds.

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 the board of any pending criminal charges, other than for a minor traffic violation, in any jurisdiction.

Notice Required to the California Board.

An individual to whom, within the last seven years immediately preceding the date on which he or she wishes to practice in California, any of the following

criteria apply, shall notify the board, on a form prescribed by the board, and shall not practice public accountancy in California through practice privileges until the board provides the individual with written permission to do so:

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.

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

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.

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.

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

Sections 5096 and 5096.2 further describe conditions which will disqualify the non-resident CPA from exercising practice privileges in California. These sections also set forth reasons for revocation of the California practice privilege. Please read this information in detail before exercising practice privileges in California.

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colorado

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges.

Effective August 6, 2008: An individual whose principal place of business is not in Colorado shall be presumed to have qualifications substantially equivalent to Colorado's requirements and shall have all the privileges of licensees of Colorado without the need to obtain a Colorado CPA license if the individual:

- Holds an valid license in good standing in a substantially equivalent jurisdiction; OR
- Has individual qualifications that are substantially equivalent to the UAA.

A CPA who holds a valid license in a jurisdiction not on the substantially equivalent list linked above must obtain an individual substantial equivalency evaluation from NASBA's [CredentialNet](#) Service.

Please Note: Any individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012, shall be exempt from the UAA's education requirement.

Practice privileges extend to the offering or rendering of professional services, whether in person, or by mail, telephone, or electronic means, and no notice or other submission shall be provided by any individual exercising the privilege.

Discipline by the Colorado Board

The Colorado Board may revoke, suspend, fine, censure, issue a letter of admonition, place on probation, impose other conditions or limitations or deny the practice privilege to the holder for violation of the Colorado Board's laws or rules.

If an individual practice privilege holder's certificate, license or permit to practice as a CPA or the firm's permit is limited or subjected to any form of discipline or denial by a foreign jurisdiction while exercising the practice privilege in Colorado, the practice privilege holder must notify the Colorado Board within seven (7) days of the action taken by the other jurisdiction.

Firm Registration

Any foreign partnership, corporation, limited partnership, limited liability partnership, or limited liability company engaging in the practice of accounting in Colorado through a holder of a practice privilege is not required to register with the Colorado Board.

Contact Information Required

Any person authorized to use the title "Certified Public Accountant" or "CPA" must provide an address and telephone number for the CPA's firm or sole practitioner to any client residing in or headquartered in Colorado.



commonwealth of the northern mariana islands

Practice Privilege / Mobility / Interstate Practice Requirements

Provisional Certificate

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Holds an active CPA license in good standing issued by another state;

Principal place of business is, and remains, outside of CNMI.

Provides notice to the CNMI; and

Consents to each of the terms and conditions pertaining to the use of practice privileges as specified in the Accountancy Act and regulations promulgated thereunder.

Such individuals may apply pursuant to Substantial Equivalency or Experience as defined below.

Substantial equivalency:

Meets all current requirements in the CNMI for issuance of a certificate at the time application is made; or

At the time of the issuance of the Applicant's certificate in the other state, met all such requirements applicable in CNMI; or

Experience:

Has five years of experience outside the CNMI in the practice of public accountancy or meets equivalent requirements prescribed by rule by the CNMI Board, after passing the examination upon which the Applicant's certificate was based and within ten years immediately preceding the application;



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connecticut

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective May 12, 2008: Any individual whose principal place of business is not in Connecticut shall be presumed to have qualifications substantially equivalent to Connecticut's requirements, shall qualify for a practice privilege, and shall have all the privileges of licensees of Connecticut without the need to obtain a Connecticut CPA license if:

Such individual holds a valid license as a CPA from any state which NASBA has verified to be substantially equivalent to the CPA licensure requirements of the Uniform Accountancy Act; OR

Such individual holds a valid license as a CPA from any state which NASBA has not verified to be in substantial equivalence with the CPA licensure requirements of the UAA and the individual obtains verification from NASBA that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the UAA. Any individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the education requirement of the UAA for purposes of obtaining practice privileges.

Notwithstanding any provision of the general statutes, any individual who qualifies for a practice privilege may offer or render professional services, whether in person or by mail, telephone, or electronic means, based on a practice privilege, and no notice, fee or other submission shall be required of any such individual.

Any individual licensee of another state exercising the privilege and the firm that employs such licensee shall consent, as a condition of the grant of such privilege:

To the personal and subject matter jurisdiction and disciplinary authority of the Connecticut Board

To comply with any applicable provision of state law and board rules;

That in the event the license from the state of such individual's principal place of business is no longer valid, such individual shall cease offering or rendering professional services in Connecticut individually and on behalf of a firm; and

To the appointment of the state board that issued such license as the agent upon whom process may be served in any action or proceeding by the Connecticut Board against such licensee.

[Click here](#) to view the Board's informational web page regarding Practice Privilege Requirements.

[Click here](#) to view [additional information for out-of-state firms](#) on the Connecticut Board's web site.

Any individual who qualified for practice privileges and performs any of the following services, for any entity with its home office in Connecticut, may only provide such services through a firm that has obtained a firm permit:

Any financial statement audit or other engagement to be performed in accordance with SAS;

Any examination of prospective financial information to be performed in accordance with SSAE; or

Any engagement to be performed in accordance with PCAOB Auditing Standards.

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delaware

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges. An applicant whose principal place of business is outside Delaware may exercise all the privileges of CPA licensees of Delaware without the need to obtain a license if the individual:

Holds a valid license as a CPA from any state which NASBA has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act; OR

Holds a valid license as CPA from any state which NASBA has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act *if* such individual obtains from NASBA verification that such individual's CPA qualifications are substantially equivalent to the UAA-[Click here for CredentialNet application for individual qualification verification](#).

An individual who does not qualify for practice privileges must obtain a reciprocal certificate/permit to practice.

Please Note: Any individual who passed the Uniform CPA exam and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the education requirement in Section 107(a)(2) - requiring 150 semester hours and baccalaureate degree - for purposes of practice privileges.

Such CPAs shall have all the privileges of certificate and permit holders of Delaware without the need to obtain a certificate or permit from the Delaware Board.

Consent to Jurisdiction

An individual licensee of another state exercising practice privileges in Delaware and the firm which employs that licensee simultaneously consent, as a condition of the grant of this privilege:

To the personal and subject matter jurisdiction and disciplinary authority of the Delaware Board;

To comply with the Delaware Board's laws and rules;

That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in Delaware individually and on behalf of a firm; and

To the appointment of the state board which issued their license as their agent upon whom process may be served in any action or proceeding by the Delaware Board against the licensee.



district of columbia

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege/Mobility

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges.

Practice privileges became effective in the District of Columbia on October 1, 2012. An out-of-state CPA holding a valid active license in another jurisdiction and whose principal place of business is not in the District will have all the privileges of licensees and permit holders in the District without the need to obtain a license or permit if:

The individual holds a valid license as a CPA from any state that the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the licensure requirements of the UAA, OR

The individual is not licensed in a substantially equivalent jurisdiction but the individual has obtained from the NASBA NQAS verification that the individual's CPA qualifications are substantially equivalent to the licensure requirements of the UAA. Any individual who passed the Uniform CPA Exam and holds a license issued by any state prior to January 1, 2012, may be exempted from the 150 semester hour educational requirement of the UAA.

An individual granted practice privileges who offers or renders professional services, whether in person or by mail, telephone, or electronic means, need not provide notice or other submission to any individual.

Consent to Jurisdiction

An individual licensee of another state exercising practice privileges and the firm that employs the licensee simultaneously consent, as a condition of the grant of the privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of the District of Columbia Board;

Compliance with the Board's laws and rules;

In the event the license from the state of the individual's principal place of business is no longer valid, the cessation of the offering or rendering of professional services in the District, individually and on behalf of a firm, and

The appointment of the state board that issued the license as the licensee's agent upon whom process may be served in any action or proceeding by the Board against the licensee.

Firm Registration Requirements May Apply

The performance of the following service by an individual qualified to exercise practice privileges in the District and provided for an entity with its home office in the District may only be performed through a firm that has obtained a registration and permit from the DC Board.

Any financial statement audit or other engagement performed in accordance with Statements on Auditing Standards;

Any examination of prospective financial information performed in accordance with Statements on Standards for Attestation Engagement; or

Any engagement to be performed in accordance with Public Company Accountancy Oversight Board Auditing Standards.

Note that firm registration will require at least one individual must hold an individual CPA license in D.C.

florida

Practice Privilege / Mobility / Interstate Practice Requirements

Temporary Permit / Temporary License for Military Spouse/Practice

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges/Temporary Permit.

A CPA who is not employed by a CPA firm licensed in Florida and whose address of record in their home state of licensure is not in Florida may temporarily provide services in Florida *without providing notice or paying a fee* if the individual:

Holds a valid active license in a jurisdiction determined by the board or its designee to be substantially equivalent to the UAA; OR

Holds a valid license as a CPA and obtains verification from [NASBA'S CredentialNet](#) service that the individual meets the Standards for Regulation including Substantial Equivalency of the UAA.

For a further explanation of states that are considered substantially equivalent to Florida, please [click here](#), then click on the "substantial equivalency" link provided in question #2 on Florida's mobility page. (Florida also accepts Puerto Rico but has not yet updated its list to reflect this change.)

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Florida, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Florida and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Florida Accountancy Law and the rules and regulations adopted by the Board or governing the practice of the profession in Florida.

In the event the license from the state of the individual's principal place of business is no longer valid or is otherwise conditioned or restricted, the individual shall cease offering or rendering professional services in Florida individually and on behalf of the CPA firm.

The appointment of the board of accountancy or licensing authority which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

Effective July 1, 2009, the following must hold a Florida firm license:

Any firm with an office in Florida that uses the title "CPA," "CPA firm," or any other title, designation, words, letters, abbreviations, or device tending to indicate that the firm practices public accounting;

Any firm that does not have an office in Florida but performs one or more types of services involving the expression of an opinion on financial statements, the attestation as an expert in accountancy to the reliability or fairness of presentation of financial information, the utilization of any form of opinion or financial statements that provide a level of assurance, the utilization of any form of disclaimer of opinion which conveys an assurance of reliability as to matters not specifically disclaimed, or the expression of an opinion on the reliability of an assertion by one party for the use by a third party for a client having its home office in Florida.

A firm that is not subject to the above requirements may perform other professional services while using the above referenced designations in Florida without a Florida firm license only if:

The firm performs such services through an individual with practice privileges in Florida; and

The firm can lawfully do so in the state where the individual with practice privileges has his or her principal place of business.

[You may view the Florida Board's web page discussing practice privileges at this link.](#)

Individuals who do not qualify for practice privileges will still be able to apply for the Temporary Practice Permit described below.

Temporary Practice Permit

General Requirements for Temporary Practice Permit

Applicant must file a formal application that is valid for only 90 days.

Application only covers one engagement.

Application must include the names of everyone entering the State of Florida to work on the engagement.

Application must be filed before beginning the engagement.

If this is the first application, then the applicant must submit a sample of work product to the Florida Board.

A temporary license is not required of CPAs or firms entering Florida for the purpose of preparing federal tax returns or advising as to federal tax matters if they do not use the title "CPA," "CPA firm" or any other title, designation, words, letters, abbreviations or device tending to indicate that the CPA or firm is authorized to practice public accounting.

Temporary License for Military Spouse.

A spouse of an active duty member of the Armed Forces of the United States may be issued a temporary CPA license in Florida. The applicant's spouse must be on active duty and assigned to a duty station in Florida. The applicant must hold a valid license as a CPA in another state, the District of Columbia, any United States territory or possession, or a foreign jurisdiction. The temporary license is valid for six months.

General Requirements

Applicant must file a formal application that is valid for only 6 months and is non-renewable.

Applicants must be married to an active duty member of the Armed Forces of the United States. Applicants must provide a copy of their military dependent ID card.

The applicant's spouse must be assigned to a duty station in Florida. Applicants must provide a copy of their spouse's military orders that reflect an active duty assignment in Florida, both that the applicant's spouse is assigned to a duty station in Florida and that the applicant is also assigned to a duty station in Florida.

Applicants must hold a valid CPA license in another state, the District of Columbia, any United States territory or possession, or a foreign jurisdiction. Applicants are required to provide a copy of the certificate of licensure and a copy of the statutes and/or rules that define the scope of work for the current license.

An applicant must submit a complete set of fingerprints to FDLE and have a background check as part of the licensing process.

In order to obtain a Temporary License for Military Spouse, Florida law requires you to live in the state of Florida.

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georgia

Practice Privilege / Mobility / Interstate Practice Requirements

Practice privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

NOTE: Effective July 1, 2009, Georgia now provides practice privileges. Practices privileges were created in HB1055 during the 2008 legislative session. An individual may not engage in the practice of public accountancy in Georgia based on substantial equivalency privilege unless such individual holds a valid license as a CPA in a state which grants similar reciprocity to license holders of Georgia.

A CPA whose principal place of business is outside of Georgia may temporarily provide services in Georgia *without providing notice or paying a fee* if the individual:

- Holds a valid active license as a CPA from any state which requires as a condition of licensure, that an individual:
 - Has at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university;
 - Achieves a passing grade on the Uniform Certified Public Accountant Examination; and
 - Possesses at least one year of experience, including providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, which may be obtained through government, industry, academic, or public practice all of which was verified by a licensee; OR
- Holds a valid license as a CPA from any state which does not meet the requirements above but such individual's CPA qualifications are substantially equivalent to those requirements.

Any individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the education requirement of 150 semester hours for purposes of practice privileges in Georgia.

Temporary Permits are no longer available in Georgia. An individual who does not qualify for practice privileges must apply for a Reciprocal License and Firm Permit.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Georgia, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Georgia and the firm which employs the CPA simultaneously consent, as a condition to the exercising of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of this Board.
- Compliance with the provisions of the Georgia Accountancy Law and the rules and regulations adopted by the Board.
- In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Georgia individually and on behalf of the CPA firm.
- The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

An individual exercising practice privileges in the performance of the following services for any entity with its home office in Georgia must perform such services through a firm which has registered with the Georgia Board:

- A financial statement audit or other engagement to be performed in accordance with SAS,
- An examination of prospective financial information to be performed in accordance with SSAE, or
- An engagement to be performed in accordance with the auditing standards of the PCAOB.

An individual qualifying for practice privileges in Georgia may provide expert witness services in Georgia.

An out-of-state firm (those firms with no office in this state) may provide review of financial statements in accordance with SSARS for a client having its home office in Georgia and may use the title "CPA" or "CPA firm" without obtaining a Georgia firm permit if the firm:

- Meets requirements for firm ownership and peer review in Georgia; and
- Performs services through an individual with practice privileges. Privileges are not permitted for an individual unless that individual holds a valid license as a CPA in a state which grants similar practice privileges to license holders in Georgia.

An out-of-state firm that does not perform any of the services described above may perform other professional services while using the title "CPA" or "CPA firm" without a Georgia firm permit if the firm:

- Performs the services through an individual with practice privileges in Georgia; and
- May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.



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guam

Practice Privilege / Mobility / Interstate Practice Requirements

Notice of Intent

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

Applicant's principal place of business must NOT be in Guam.

Applicant must have a valid certificate or license as a CPA from any state which has been deemed to be substantially equivalent to Guam OR Applicant's individual qualifications must be substantially equivalent to the UAA. Click *Initial Licensure* above for information on current licensing requirements.

Practice privileges only apply to individuals. *No firm shall perform services as a certificated public accounting firm in Guam without a Firm Permit to Practice.* Click *Firm Registration* above for additional information.

Notice must be received by the Guam Board within thirty days after the individual knowingly avails himself/herself of the laws of Guam by either accepting an engagement or assignment to render professional services in Guam or offering to render professional services through direct solicitation or marketing targeted to persons in Guam.

A non-resident individual is not required to file a Notice of Intent if the individual's contact in Guam is limited to the following:

- (1) teaching college or continuing education course;
- (2) delivering a lecture;
- (3) moderating a panel discussion; or
- (4) rendering professional services to the individual's employer or to persons employed by the individual's employer provided that such services are not rendered for the employer's clients.

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hawaii

Practice Privilege / Mobility / Interstate Practice Requirements

Temporary Permit to Practice

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must be at least 18 years of age.

Applicant must possess a history of competence, trustworthiness and fair dealing.

Applicant must hold a valid certified public accountant or public accountant license in another state or hold a valid comparable license from a foreign country.

Applicant's work in Hawaii must be incidental to the Applicant's practice in such other state or country and the Applicant must desire to practice public accounting in Hawaii on a temporary basis.

The applicant must apply for the Temporary Permit to Practice at least 60 days in advance.

Applicant must complete the appropriate application and submit applicable fees.

Please Note: Temporary permits are only valid for 90 days. A new application must be filed for each 90-day period.

Out-of-State CPA's coming in to Hawaii for a temporary engagement must also obtain a Firm Permit to Practice (FPTP), as provided in HAR 16-71-24, because the firm of which the CPA is a part will be engaging in the practice of public accounting in the State. Furthermore, one of the requirements for a FPTP is that the out-of-State firm have at least one Hawaii-licensed CPA/PA with a Hawaii permit to practice (not a Hawaii TPTP).

In the situation with an out-of-State CPA who must obtain a TPTP, the firm that must obtain a FPTP may base that FPTP on another principal who is already licensed and permitted in the State of Hawaii.



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idaho

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Effective July 1, 2008, an individual whose principal place of business is outside of Idaho may exercise all the privileges of Idaho CPAs *without the need to obtain a license or pay a fee* if the individual:

- Holds an active license in good standing in a substantially equivalent jurisdiction; OR
- Has individual qualifications that are substantially equivalent to Idaho's requirements; OR
- Has been licensed for no less than four years as a certified public accountant within the previous ten years.

There are no notice or fee requirements for such practice privileges; however such individuals will be subject to the disciplinary authority of the Idaho Board.

A CPA who holds a license in a jurisdiction not on the substantially equivalent list linked above may submit documentation of their individual substantially equivalent qualifications to the Idaho Board of Accountancy or they may obtain an individual substantial equivalency evaluation from NASBA's [CredentialNet](#) Service. Documentation sent to the Idaho Board should be mailed to P.O. Box 83720, Boise ID 83720-0002.

Consent to Jurisdiction

Licensees of other states exercising the privilege afforded hereby consent, as a condition to the grant of this privilege:

- To the personal and subject matter jurisdiction and disciplinary authority of the Idaho Board;
- To comply with the law and board rules; and
- To the appointment of the state boards which issued their licenses as their agents upon whom process may be served in any action or proceeding by Idaho Board's against such licensees.

Firm Registration Requirements May Apply

Individuals with practice privileges in Idaho shall comply with the peer review requirements in the state of their principal place of business.

Internet Disclosures. An individual entering into an engagement to provide professional services via a web site, pursuant to practice privileges granted by Idaho, shall disclose, via their web site, their principal state of licensure, license number and address. A firm offering or rendering professional services to Idaho businesses or residents via a web site shall provide, in the web site's homepage, a means for regulators and the public to contact a responsible licensee in charge at the firm regarding complaints, questions or regulatory compliance. Such a firm or individual consents to the disciplinary authority of the Idaho Board by the act of providing services via a web site.

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Illinois

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

Effective January 1, 2008: An individual whose principal place of business is not in Illinois shall have all the privileges of a person licensed in Illinois as a licensed certified public accountant without the need to obtain a license or registration from the Department or file notice with the Department, if the individual:

Holds a valid license as a CPA issued by another state that the NQAS of NASBA has verified to be in substantial equivalence with the CPA licensure requirements of the Uniform Accountancy Act; OR

Holds a valid license as a CPA issued by another state and obtains verification from the NQAS (CredentialNet) of NASBA that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the Uniform Accountancy Act. However, any individual who has passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the education requirements of Section 3 of the Illinois Act.

Sec. 3. Qualifications of applicants. To be admitted to take the examination after the year 2000, for the purpose of determining the qualifications of applicants for certificates as certified public accountants under this Act, the applicants shall be required to present proof of the successful completion of 150 college or university semester hours of study or their quarter-hour or other academic credit unit equivalent, to include a baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule. In adopting those rules, the Board shall consider, among other things, any impediments to the interstate practice of public accounting that may result from differences in the requirements in other states.

Notwithstanding any other provision of law, an individual who offers or renders professional services through practice privileges, whether in person or by mail, telephone, or electronic means, shall be granted practice privileges in Illinois and no notice or other submission must be provided by any such individual.

An individual licensee of another state who is exercising this privilege and the CPA firm that employs such individual, if any, as a condition of the grant of this privilege, hereby simultaneously consent:

To the personal and subject matter jurisdiction and disciplinary authority of the Department;

To comply with the Illinois Act and the Department's rules adopted under this Act;

That in the event that the license from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering accounting activities in Illinois individually or on behalf of a CPA firm; and

To the appointment of the state board that issued the individual's or the CPA firm's license as the agent upon which process may be served in any action or proceeding by the Department against the individual.

An individual licensee who qualifies for practice privileges performs, for any entity headquartered in Illinois, (1) financial statement audit or other engagement in accordance with SAS; (2) an examination of prospective financial information in accordance with SSAE; or (3) an engagement in accordance with PCAOB standards may only do so through a firm licensed under the Illinois Act.



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indiana

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must *not* be a resident of the State of Indiana.

Applicant's principal place of business must *not* be in Indiana.

Applicant must hold an active unrestricted license in good standing in another jurisdiction.

A CPA who is not a resident of the state of Indiana and whose principal place of business is outside Indiana shall have all the privileges granted to an Indiana CPA *without the need to obtain a certificate or a permit in Indiana* if:

The CPA is licensed in a substantially equivalent state; or

Indiana utilizes the NASBA list for substantially equivalent jurisdictions. However, if you are licensed in a state has is marked with single or double asterisks, you should contact the Indiana Board directly to confirm your individual eligibility.

The CPA has individual qualifications that are substantially equivalent.

NOTE: Any CPA availing himself/herself of practice privileges in the State of Indiana is subject to disciplinary action by the Indiana Board of Accountancy.

Notwithstanding any other provision of law, an individual who offers or renders professional services, in person or by mail, telephone, or other electronic means, as authorized under this section is not required to provide notice or other submissions to the board; and is subject to the requirements listed below.

An individual of another state exercising the privilege granted under this section, and a CPA firm that employs the individual consent, as a condition of the grant of this privilege:

to the personal and subject matter jurisdiction and disciplinary authority of the Indiana Board;

to comply with Indiana Code 25-2.1 and Title 872 of the Indiana Administrative code;

that if a certificate as a CPA from the state of the individual's principal place of business is no longer valid, the individual shall cease exercising the privilege granted under this section in Indiana, individually and on behalf of the CPA firm; and

to the appointment of the Indiana Board or Accountancy or the Indiana Professional Licensing Agency on whom process may be served in any action or proceeding by the Indiana Board against the individual.

This is NOT a license or permit for the firm to practice in Indiana.

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Iowa

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges. Effective July 1, 2009, Iowa allows practice privileges. Practices privileges were created in SF2379 during the 2008 legislative session. The details of SF2379 are provided below.

A CPA whose principal place of business is outside of Iowa may temporarily provide services in Iowa if such person holds a valid, unexpired license in good standing in the state of their principal place of business that is substantially equivalent to a comparable license issued in Iowa.

The other state's licensing standards must be substantially equivalent to those required by Iowa, or the individual must have individual qualifications that are substantially equivalent to Iowa's licensing requirements. The basic qualifications for an Iowa CPA certificate include 150 semester hours of education, a baccalaureate or higher degree, passing the national CPA examination, and one year of qualifying experience or, for an attest practice, two years of qualifying experience. ([Click here for a list of substantially equivalent jurisdictions](#).)

Out-of-state CPAs who were not issued a CPA certificate from a state which is substantially equivalent to Iowa and who do not otherwise satisfy substantially equivalent qualifications, are eligible to exercise a practice privilege in Iowa if they satisfy the "four-in-ten" rule in [Iowa Code 542.19\(1\)\(c\)](#).

You may use the Iowa Board's [Mobility Check List](#) as a guide to determine whether you are eligible to exercise practice privileges in Iowa.

Individuals or firms must be licensed to lawfully perform in its principal place of business all public accounting services offered or rendered under a practice privilege in Iowa.

Practice privileges do not prevent governmental officials or bodies, or other clients from requiring that public accounting services performed in Iowa or for an Iowa client be performed by a person or firm holding an Iowa license.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Iowa, and no notice or other submission shall be provided by the individual.

Individuals Ineligible for Practice Privileges

The practice privileges in Iowa is not applicable if:

The individual has been convicted of a felony under the laws of any jurisdiction.

The individual has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud.

The individual's license to practice public accounting has been suspended, revoked or otherwise disciplined by a licensing authority in this or another state, territory or country, for any cause other than failure to pay appropriate fees.

The individual's right to practice public accounting before any state or federal agency or the PCAOB has been suspended or revoked.

The individual has applied for licensure as a CPA in Iowa or other jurisdiction and has been denied.

Civil penalties have been imposed against the individual pursuant to Iowa Code 542.14.

The individual's authority to exercise a practice privilege has been revoked in Iowa or other jurisdiction.

Consent to Jurisdiction

As a condition to exercising the practice privilege in Iowa, the individual and firm consent to the following:

The personal and subject matter jurisdiction and regulatory authority of the Iowa Board;

The appointment of the regulatory body of the state that issued the license in the principal place of business as the agent upon whom process may be served in any action or proceeding by the Iowa Board against the individual and/or firm;

To supply the Iowa Board, upon request and without subpoena, with information or records licensees are similarly required to provide the Iowa Board; and

To promptly cease offering or providing public accounting services in Iowa or for a client with a home office in Iowa if the license in the individual/firm's principal place of business expires or is otherwise no longer in good standing, or if any of the conditions for exercising the practice privilege are no longer satisfied, or if the Iowa Board revoked the practice privilege.

The practice privilege in Iowa is temporary and will cease if the license in the person's or firm's principal place of business expires, is no longer valid or in good standing, or otherwise no longer lawfully supports the conditions of practice privileges in Iowa.

The Iowa Board may revoke a practice privilege, impose a civil penalty, issue an order to secure compliance, may refer a complaint to the home licensing authority or take additional actions if a person or firm acting under a practice privilege violates Iowa's laws or rules.

Firm Registration Requirements May Apply

A CPA firm that holds a valid, active license in good standing in the state of its principal place of business may provide those public accounting services in Iowa or for clients with a home office in Iowa authorized by the firm's out-of-state license and may practice in Iowa without notice to the Iowa Board if the firm's practice is performed by individuals who hold a license in Iowa or who have practice privileges in Iowa under the following conditions:

The firm shall not perform audit, review or other attest services in Iowa or for a client having a home office in Iowa.

The firm shall not have an office in Iowa which uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm."

The firm may perform compilation services only if it complies with the ownership and peer review requirements of Iowa.

The firm shall not make any representation tending to falsely indicate that the firm is licensed in Iowa.

The firm, upon a client's or prospective client's request, shall provide accurate information on the state or states of licensure, principal place of business, contact information and manner in which licensure status can be verified.

The firm shall comply with all professional standards, laws and rules that apply to licensees performing the same professional services.

Iowa firm licensure is required if:

The firm performs or offers to perform audit, review or other attest services in Iowa or for a client with a home office in Iowa; or

The firm has one or more offices in Iowa at which the firm uses the title "CPAs", "CPA firm", "certified public accountants", or "certified public accounting firm."

NOTE: SF2122, which became effective July 1, 2012, clarified SSARS services performed through mobility would no longer require the out-of-state firm to obtain an Iowa firm permit. All other attest services still require an Iowa firm permit.

Individuals providing compilation services in Iowa or for a client with a home office in Iowa must comply with the peer review provisions of the Iowa Code section 542.6(6) or provide such services through a CPA or LPA firm, or a substantially equivalent firm that is validly licensed in the firm's principal place of business, that complies with the peer review and ownership provisions of Iowa Code section 542.7 or 542.8.

Firms Ineligible for Practice Privileges

The practice privilege in Iowa is not applicable if:

The firm or any of the firm's owners has been convicted of a felony under the laws of any jurisdiction.

The firm or any of the firm's owners has been convicted of any crime under the laws of any jurisdiction if an element of the crime involves dishonesty or fraud.

The license to practice public accounting of the firm or any of the firm's owners has been suspended, revoked or otherwise disciplined by a licensing authority in this or another state, territory or country, for any cause other than failure to pay appropriate fees.

The right of the firm or any of the firm's owners to practice public accounting before any state or federal agency, or the PCAOB has been suspended or revoked.

The firm or any of the firm's owners has applied for licensure as a CPA firm or a CPA in Iowa or other jurisdiction and the application has been denied.

Civil penalties have been imposed against the firm or any of the firm's owners.

The authority of the firm or any of the firm's owners to exercise a practice privilege has been revoked in Iowa or another jurisdiction.

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kansas

Practice Privilege / Mobility / Interstate Practice Requirements

Practice by Notification/Practice privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective November 1, 2009, Kansas began allowing practice privileges to individuals without requiring notification or fee. The new practice privileges were created in HB2339 during the 2009 legislative session. The details of HB2339 are provided below.

A CPA whose principal place of business is outside of Kansas may temporarily provide services in Kansas *without providing notice or paying a fee* if the individual:

Holds a valid active license in a jurisdiction determined by the Kansas Board to be substantially equivalent. Currently the Kansas Board considers all jurisdictions to be substantially equivalent for mobility purposes except: California, Colorado, Delaware, New Hampshire, Vermont, Puerto Rico and the Virgin Islands. OR

Has substantially equivalent individual CPA qualifications. Such individual's CPA qualifications must be substantially equivalent to the following:

Have at least 150 semester hours of college education, including a baccalaureate or higher academic degree, with a concentration in accounting as defined by the home licensing jurisdiction, from a college or university;

Obtains credit for passing each of the four test sections of the Uniform CPA Examination; and

Possesses at least one year of experience including service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which were verified by a CPA holding an active license to practice.

Non-resident CPAs currently licensed in a non-substantially equivalent jurisdiction should contact the Kansas Board prior to exercising practice privileges in Kansas.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the 150 hours education requirement for practice privilege purposes.

An individual who does not qualify for practice privileges based on substantial equivalency must apply for Reciprocal Certification, Licensure and Firm Permit. For additional information, click the *Reciprocal Licensure* and *Firm Registration* tabs above.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Kansas, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Kansas and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction of this Board.

Compliance with the provisions of the Kansas Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Kansas individually and on behalf of the CPA firm.

The appointment of the state regulatory body which issued the individual or firm license as the agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Please Note: Any individual or firm prohibited from practicing certified public accountancy in Kansas, as a result of having a permit, certificate or practice privilege revoked or suspended by the Kansas Board, shall not be granted practice privileges without first obtaining the approval of the Board.

Firm Registration Requirements May Apply

An individual exercising practice privileges in the performance of the following services for any entity with its home office in Kansas must perform such services through a firm which has registered with the Kansas Board:

Any audit or other engagement to be performed in accordance with SAS,

Any audit to be performed in accordance with the Kansas municipal audit guide;

Any review of a financial statement to be performed in accordance with SSARS,

Any engagement, except a compilation, to be performed in accordance with SSAE; or

Any engagement to be performed in accordance with the auditing standards of the PCAOB.

The following firms must be registered by the Kansas Board:

Any firm with an office in Kansas which practices certified public accountancy; and

Any firm that does not have an office in Kansas but performs or offers to perform attest services as described in KSA 1-321(d) and listed in the paragraph above, for a client having its home office in Kansas.

An individual who has practice privileges in Kansas who performs or offers to perform services for which a firm registration is required by the Kansas Board shall not be required to obtain an individual certificate or permit.

An out-of-state firm that does not perform any attest services as defined by KSA 1-321(d) may perform or offer non-attest services as defined by KSA 1-

321(s) and may use the "certified public accountant," "CPA" or "CPA firm" without a firm permit issued by the Kansas Board if:
The individuals performing such services on behalf of the firm meet the experience requirements for initial licensure set forth in KSA 1-302b;
It performs the services through an individual with practice privileges in Kansas; and
It may lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

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kentucky

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

Applicant must not have an office located in Kentucky.

Applicant must hold a valid and active license as a CPA from any state that the Kentucky Board has determined to have licensure requirements substantially equivalent to those found in the Kentucky law and accompany administrative regulations thereunder.

[Click here](#) to review a list of states that are substantially equivalent.

Notwithstanding any other provision, a person who satisfies the requirements for practice privileges is not required to provide notice of offering or providing such services to the Kentucky Board and is subject to the requirements listed below.

A person who offers to perform or performs a regulated activity in person or by mail, telephone or other electronic means in Kentucky pursuant to practice privileges agree to:

Submit to the personal and subject matter jurisdiction and disciplinary authority of the Kentucky Board;

Comply with the laws and rules of the Kentucky Board;

Cease exercising the privilege if the license issued by the board or agency located in the state of the person's principal place of business expires or is no longer valid;

The appointment of the state board of agency where the person's principal place of business is located and which issued the person's license as the agent upon whom process may be served in any action or proceeding by the Kentucky State Board against that person;

Notify the Kentucky Board prior to opening any office in this state and immediately apply for a license from the Kentucky Board; and

Notify the Kentucky Board immediately if the person's license in the state where his or her principal place of business is located becomes inactive, lapses, or is subjected to any disciplinary action.

The Kentucky Board may take disciplinary action against a person granted a privilege for an act committed by the person in another state if the act at the time of its commission is a violation of that state's law or regulations and Kentucky's laws or regulations.

A person who qualifies for the practice privilege and offers to perform or performs one or more of the following services for a client with its home office located in Kentucky or for a person who is a resident of Kentucky, shall perform the service(s) through a firm which has obtained a Kentucky license:

Any financial statement audit or other engagement to be performed in accordance with SAS;

Any examination of prospective financial statements to be performed in accordance with SSAE; or

Any engagement to be performed in accordance with the PCAOB.

The following firms shall obtain a license to practice in Kentucky:

Any firm with an office located in Kentucky performing attest services or compilations;

Any firm with an office in Kentucky that uses the title "CPA" or other phrase or abbreviation in any manner described in Kentucky's laws or rules to suggest it is a certified public accounting firm; and

Any firm that does not have an office located in Kentucky but performs any attest service (audit or engagement performed according to SAS, exam of prospective financial information performed according to SSAE, or engagement performed according to PCAOB standards) for a client with his or her home office in Kentucky or a client who is a resident of Kentucky.

The following firms shall not be required to obtain a license from the Kentucky Board and may use the title "CPA in the name of the firm:

A firm which does not have an office in Kentucky that performs services (any review of a financial statement performed according to SSARS or compilations as defined by KRS325.220(5)) for a client having its home office in Kentucky or a client who is a resident of Kentucky if:

The firm complies with firm ownership and peer review requirements of Kentucky; and

All services provided by the firm are performed by an individual with practice privileges granted by the Kentucky Board.

A firm which does not have an office in Kentucky and does not provide the review and compilation services described above to a client having his or her home office located in Kentucky or a client who is a resident of Kentucky may provide other services that are regulated activities, as defined by the Kentucky Board, if:

The services are provided through an individual granted practice privileges by the Kentucky Board; and

The firm can legally provide the services in the state where the individual with a practice privilege has his or her principal place of business.

In addition to the above exemption to licensure, KRS 325.301(7) authorizes a firm to perform the following services without a Kentucky license:

Conduct a peer review of a firm; or

Perform attestation work, incidental to an engagement which was initiated with a client located outside of Kentucky and has extended into Kentucky due to common ownership or existence of a subsidiary, assets, or other operations located within Kentucky.

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Louisiana

Practice Privilege / Mobility / Interstate Practice Requirements

Provisional License/ Practice Privileges by SE

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Provisional License:

General Requirement

The Louisiana engagement must be a one-time event, *lasting 90 days or less*, for a Provisional License to be granted. This license is not renewable. Any CPA firm located outside of Louisiana that does not have a Louisiana CPA firm permit and plans to practice in Louisiana for a period of 90 days or less must file for a Provisional License. This license covers the individual CPAs and the firm. If the engagement will last over 90 days, then the Applicant should apply for a Reciprocal License and a regular firm permit. Applicant must hold an original and active license from a jurisdiction other than Louisiana. Applicant must not live or have an office in Louisiana.

Practice Privileges:

Practice Privileges by State Substantial Equivalency

General Requirement

CPAs who reside outside of Louisiana and who do not have a principal place of business in Louisiana may qualify for practice privileges in Louisiana (no fee, no notice or application required to be submitted to the Louisiana Board).

Applicant must have an original license from a substantially equivalent state.

Applicant must maintain his/her original valid active CPA license that was issued by the substantially equivalent state; OR

Applicant previously held an original valid active CPA license that was issued by a substantially equivalent state, but because of a re-location of residence and principal place of business to another state, maintains a valid active license from the other state that was issued under reciprocity, OR

Applicant previously held an original valid active Louisiana CPA license, but because of a re-location of residence and principal place of business to another state, maintains an active valid license from the other state that was issued under reciprocity.

[Click here to visit the Louisiana Board's web site and view the list of substantially equivalent jurisdictions.](#)

Practice Privileges by Individual Substantial Equivalency

General Requirements

An out-of-state CPA not licensed in a substantially equivalent jurisdiction may qualify for practice privileges if Applicant's individual qualifications are as follows:

CPA holds a valid active CPA license issued by a state board of accountancy and has passed the Uniform CPA Examination (or IQEX examination, if applicable), AND

Applicant has 150 semester hours of college education and has at least one year of CPA supervised accounting related experience in the last four years; OR

Applicant has four years of experience outside of Louisiana as a practicing CPA (or Chartered Accountant if applicable) within the last ten years.

Consent to Jurisdiction

By law, a CPA of another state exercising practice privileges in Louisiana and the CPA firm which employs the CPA consents, as a condition to the grant of this privilege, to the following:

the personal and subject matter jurisdiction and disciplinary authority of this Board.

compliance with the provisions of the Louisiana Accountancy Law and the rules and regulations adopted by the Board.

in the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in this state individually and on behalf of the CPA firm.

the appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this board against the licensee.

Firm Registration Requirements May Apply

CPA firms that do not have an office or a place of business in Louisiana, that satisfy Louisiana firm ownership and peer review requirements, and that provide services in Louisiana or to Louisiana clients are required to have a Louisiana firm permit only if they perform any of the following services for a client whose home office is located in Louisiana:

audit or other engagement under SAS or Government Auditing Standards, or

examination of prospective financial information under SSAE, or

engagement in accordance with PCAOB auditing standards.



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maine

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

A CPA whose principal place of business is outside Maine shall have all the privileges of a permit holder in Maine and may provide professional services in Maine *without the requirement to obtain a permit or otherwise notify or register with the Maine Board or pay any fee* if the individual:

Holds a valid license as a CPA from a [substantially equivalent](#) jurisdiction; OR

Holds a valid license as a CPA from a non-substantially equivalent jurisdiction but has individual qualifications which are substantially equivalent. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.

An individual who qualified for the practice privilege under substantial equivalency may render professional services in Maine, whether in person or by mail, telephone or electronic means, and no notice or other submission may be required for any such individual. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.

An individual exercising practice privileges and the firm employing that individual consent, as a condition of the grant of this privilege:

To the personal and subject matter jurisdiction and disciplinary authority of the Maine Board;

To comply with the provisions of the Maine Board's laws and rules;

To the stipulation that, in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in Maine individually and on behalf of a firm; and

To the appointment of the state board that issued the individual's license as the individual's agent upon whom process may be served in any action or proceeding by the Maine Board against the individual.

An individual may exercise practice privileges to provide the following services for an entity with its home office in Maine, provided that the individual operated through a firm that has obtained a permit:

A financial statement audit or other engagement performed in accordance with SAS;

An examination of prospective financial information to be performed in accordance with SSAE; or

An engagement to be performed in accordance with auditing standards of the PCAOB.

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NASBA



Maryland

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privilege.

Effective October 1, 2008, an out-of-state CPA who does not have a principal place of business in Maryland may exercise all the privileges of a Maryland CPA without the need to obtain a license or pay a fee if the individual:

Holds an active license in good standing in a substantially equivalent jurisdiction; OR

Has individual qualifications that are substantially equivalent to the Uniform Accountancy Act.

A CPA who holds a license in a jurisdiction not on the substantially equivalent list linked above must obtain an individual substantial equivalency evaluation from NASBA's [CredentialNet](#) Service.

Please Note: An individual who has passed the Uniform CPA Exam and holds a valid license issued by another state prior to January 1, 2012, may be exempt from the education requirement in the Uniform Accountancy Act for purposes of practice privileges.

Practice privileges extend to the practice of certified public accountancy in Maryland by any means including mail, telephone, or electronic communication. There are no notice, fee or other submissions required for such practice privileges.

Consent to Jurisdiction

As a condition of the practice privilege, an individual who qualifies for the privilege and the firm that employs the individual shall both consent to the following:

To the personal and subject matter jurisdiction and disciplinary authority of the Maryland Board;

To comply with public accountancy laws and regulations adopted by the Maryland Board;

To the appointment of the state board of public accountancy which issued the individual's license to practice certified public accountancy as the agent upon whom process may be served in any action or proceeding by the Maryland Board against the individual; and

Ceasing to offer or provide services in Maryland if the license issued by the state in which the individual's principal place of business is located is no longer valid.

Firm Registration Requirements May Apply

A sole practitioner who is practicing in Maryland through practice privileges may only perform attest services (audit or engagement in accordance with SAS, examination of prospective financial information in accordance with SSAE, and any engagement in accordance with auditing standards of PCAOB) through a firm that holds a Maryland permit.

A firm permit is required to operate a business through which certified public accountancy is practiced if the firm:

Has an office in Maryland that performs attest services (audit or engagement in accordance with SAS, review in accordance with SSAR; examination of prospective financial information in accordance with SSAE, and any engagement in accordance with auditing standards of PCAOB);

Has an office in Maryland that uses the title "CPA" or "CPA firm"; OR

Performs attest services (audit or engagement in accordance with SAS, examination of prospective financial information in accordance with SSAE, and any engagement in accordance with auditing standards of PCAOB) for a client with a home office in Maryland.

A firm that does not have an office in Maryland may perform reviews or compilations in accordance with SSAR for a client with a home office in Maryland without a permit if the firm:

Meets the application and peer review requirements for Maryland partnerships, LLC's, corporations; and

Performs services through an individual with a practice privilege in Maryland.

A firm may perform other professional services while using the title "CPA" or "CPA firm" in Maryland without a permit if the firm:

Performs those services through an individual with practice privileges in Maryland; and

Performs those services in the state where the individual with a practice privilege retains a principal place of business.

Click here to view the [Mobility page](#) of the Maryland Board's web site.



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massachusetts

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privilege.

On February 4, 2010, HB4159 was signed into law by the Governor, creating practice privileges for out-of-state CPAs in Massachusetts. The requirements for practice privileges as set forth in the law are described below *for informational purposes only*.

Additional rule-making may be required for full implementation of mobility. Individuals and firms seeking to exercise practice privileges in Massachusetts should contact [Leo Bonarrigo through the Massachusetts Board office](#).

The information below is a summary of the mobility legislation and may be modified by rule-making. Also, please view the [Advisory Opinion](#) published by the Massachusetts' Board at its June 24, 2010 meeting.

Effective July 1, 2010, an individual whose principal place of business is not in Massachusetts shall be qualified to engage in the practice of certified public accountancy in Massachusetts, if the individual:

Holds a valid license as a CPA issued by another state that the NQAS of NASBA has verified to be in substantial equivalence with the CPA licensure requirements of the Uniform Accountancy Act, if such state has adopted and implemented a 150 hour educational requirement as a qualification for initial licensure as a CPA; OR

Holds a valid license as a CPA issued by another state and obtains from the NQAS (CredentialNet) of NASBA verification that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the Uniform Accountancy Act.

Please Note: An individual who has passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the education requirements of subsection (e) of section 87A 1/2.

Practice privileges in Massachusetts are only offered on a Quid Pro Quo basis. Practice privileges are only available to CPAs currently holding a license from a state that permits a CPA licensed by Massachusetts to qualify for substantial equivalency and to engage in the practice of certified public accountancy in that state and have all the privileges of a CPA in that state without the need to obtain a certificate or license from that state.

Practice Privileges extend to professional services offered or rendered in Massachusetts, whether in person or by mail, telephone, or electronic means, and no notice or other submission must be provided by any such individual.

Consent to Jurisdiction

An individual licensee of another state who is exercising this privilege and the CPA firm that employs such individual, if any, as a condition of the grant of this privilege, hereby simultaneously consents:

- To the personal and subject matter jurisdiction of any duly authorized court of Massachusetts, and the disciplinary authority of the Massachusetts Board;
- To comply with the laws and regulations adopted by the Massachusetts Board;
- To agree to cease offering or rendering professional services in Massachusetts personally and as an agent of a firm, if the certificate from the state of the person's principal place of business is no longer valid, or if the certificate or license from the state of the firm's principal place of business is no longer valid; and
- To the appointment of the state board that issued the individual's or the CPA firm's license as the agent upon which process may be served in any action or proceeding by the Board.

Firm Registration May Apply

CPAs entering Massachusetts through mobility will be subject to the same firm registration requirements as a Massachusetts' CPA entering the home state. If firm registration is required in Massachusetts, at least one CPA must hold a Massachusetts individual CPA license. Contact the Massachusetts Board directly for additional instructions.

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michigan

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Effective June 11, 2008: An individual whose principal place of business is not in Michigan shall be considered to have qualifications substantially equivalent to Michigan's requirements and shall have all the privileges of Michigan licensees and may practice public accountancy without the need to obtain a certificate, license or temporary practice permit if:

The individual holds a valid license as a CPA from another licensing jurisdiction that requires, as a condition of licensure, that the individual meets all of the following:

- Has at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university;
- Achieves a passing grade on the uniform certified public accountant examination; and
- Possesses at least 1 year of experience including providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which may be obtained through government, industry, academic, or public practice as verified by a licensee. OR

The individual holds a valid license as a CPA from another licensing jurisdiction that does not meet the above requirements, but such *individual's CPA qualifications* are substantially equivalent to those requirements. Any individual who passed the Uniform CPA Exam and holds a valid license issued by another licensing jurisdiction prior to January 1, 2012 is exempt from the education requirement of 150 semester hours of college education including a baccalaureate or higher degree.

[Click here to view a list of substantially equivalent jurisdictions.](#)

An individual exercising the practice privilege and the firm employing that individual simultaneously consent to all of the following as a condition of the exercise of that privilege:

- To the personal and subject matter jurisdiction and disciplinary authority of the Michigan Board and the department;
- To comply with the Michigan Act and applicable rules;
- In the event the license from the licensing jurisdiction of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in Michigan individually and on behalf of a firm; and
- To the appointment of the state board or other licensing authority issuing his or her license as the agent upon whom process may be served in any action or proceeding by the Michigan Board against the individual or the firm employing that individual.

An individual qualified to exercise practice privileges may perform the following types of engagements for an entity with its home office in Michigan only through a firm that has obtained a valid Michigan firm license:

- Any audit or other engagement to be performed in accordance with SAS;
- Any examination of prospective financial information to be performed in accordance with SSAE; or
- Any engagement to be performed in accordance with PCAOB auditing standards.

A licensee of Michigan offering or rendering services or using the CPA title in another licensing jurisdiction or before a state or federal agency is subject to the disciplinary action in Michigan for an act committed in another licensing jurisdiction or before a state or federal agency for which the licensee would be subject to discipline for an act committed in another licensing jurisdiction or before a state or federal agency. The department is required to examine any complaint made by the state board or other licensing jurisdictional authority and may accept, as prima facie evidence of a violation of this Michigan Act, the final order of violation issued by another state board or other licensing jurisdictional authority.



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minnesota

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must be of good moral character.

Applicant's principal place of business must not be in Minnesota.

Applicant must have a valid certificate or license as a certified public accountant from any state which is *substantially equivalent* with the certified public accountant licensure requirements of Minnesota OR Applicant's *individual qualifications are substantially equivalent* with the certified public accountant licensure requirements of Minnesota.

An individual licensee from another state exercising practice privileges and the firm which employs that licensee are deemed to have consented, as a condition of the grant of this privilege:

To the personal and subject matter jurisdiction and disciplinary authority of the Minnesota Board;

To comply with the laws and the Board rules;

To the appointment of the state board that issued the license as the licensee's agent upon whom process may be served in any action or proceeding by the Minnesota Board against the licensee; and

To cease offering or rendering professional services in this state individually and on behalf of a firm in the event the license issued by the state of the individual's principal place of business is no longer valid or in good standing.

An individual who has been granted practice privileges in Minnesota, who performs attest services for any entity with its headquarters in Minnesota, must do so through a firm which has obtained a Minnesota permit. The firm must file a firm permit application. An individual's practice privilege in Minnesota is not effective if that individual's firm is required to have a valid Minnesota permit but does not have one.

The following must hold a firm permit issued by the Minnesota Board:

Any firm with an office in Minnesota performing attest services;

To the extent required by section [326A.10](#), paragraph (k), any firm with an office in Minnesota performing compilation services as defined in section [326A.01](#), subdivision 6;

Any firm with an office in Minnesota that uses the title "CPA" or "CPA firm"; or

Any firm that does not have an office in Minnesota but performs attest services in accordance with SAS, SSAE or PCAOB standards.

A firm holding a valid permit from another state which does not have an office in Minnesota may perform a compilation or review of a financial statement in accordance with SSARS for a client having its headquarters in Minnesota and may use the title "CPA" or "CPA firm" without a permit issued by the Minnesota Board only if:

It meets Minnesota's requirements for firm ownership;

Peer review is required for renewal in its state of licensure; and

It performs services through an individual who qualifies for practice privileges in Minnesota.

Any firm possessing a valid permit from another state that does not have an office in Minnesota and is not required to obtain Minnesota firm permit based on the above requirements may perform other professional services while using the title "CPA" or "CPA firm" in Minnesota without a Minnesota firm permit only if the firm:

Meets Minnesota's requirements for firm ownership;

Performs services through an individual who qualifies for practice privileges in Minnesota; and

Can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

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mississippi

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

NOTE: Effective July 1, 2009, practice privileges became available in Mississippi. Practice privileges were created in the 2008 legislative session in SB2628 and further clarified during the 2010 legislative session in SB2128. The specific requirements of SB2628 are detailed below.

Beginning July 1, 2009, a CPA whose principal place of business is outside of Mississippi may exercise all the privileges of Mississippi CPAs *without the need to obtain a license or pay a fee*, if the individual:

Holds a valid license from a state that requires, as a condition of licensure, that an individual:

Has at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university;

Achieves a passing grade on the Uniform CPA Examination; and

Possesses at least one year of experience verified by a licensee, including providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, which may be obtained through government, industry, academic or public practice.

Click here to view a listing of [substantially equivalent](#) jurisdictions; OR

Has individual CPA qualifications determined by [CredentialNet](#) to be substantially equivalent to the UAA.

Please Note: Any individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the 150 hour education requirement for purposes of practice privileges.

Practice Privileges extend to professional services offered or rendered, whether in person or by mail, telephone or electronic means, and no notice, fee or other submission shall be provided by any such individual.

Consent to Jurisdiction

By law, a CPA of another state exercising practice privileges in Mississippi and the CPA firm which employs the CPA consents, as a condition to the grant of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Mississippi Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in this state individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this board against the licensee.

Firm Registration Requirements May Apply

An individual exercising practice privileges in Mississippi for any entity with its home office in Mississippi must obtain a firm permit issued by the Mississippi Board in order to perform the following services:

An financial statement audit or other engagement to be performed in accordance with SAS,

An examination of prospective financial information to be performed in accordance with SSAE, or

An engagement to be performed in accordance with the auditing standards of the PCAOB.

An out-of-state firm may provide a review of a financial statement performed in accordance with SSARS or a compilation as defined in Section 73-33-2(d), for a client having its home office in Mississippi and may use the title "CPA" or "CPA firm" without a firm permit issued by the Mississippi Board only if the firm:

Meets Mississippi's firm ownership requirements;

Complies with Mississippi's peer review requirements; and

Performs services through an individual with practice privileges.

An out-of-state firm that does not perform attest or compilation services as described above for a client having its home office in Mississippi may perform other professional services while using the title "CPA" or "CPA firm" without a firm permit issued by the Mississippi Board if the firm:

Performs the services through an individual with practice privileges and

Such firm can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

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missouri

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privilege: Effective November 30, 2006, a non-resident CPA who does not have a principal place of business in Missouri and does not have a Missouri CPA certificate may exercise practice privileges in Missouri without giving notification or paying a fee if the individual:

- Holds a valid unrestricted license from a substantially equivalent state; OR
- Holds a valid unrestricted license from a non-substantially equivalent state but whose individual qualifications are substantially equivalent to Missouri; OR
- Holds a valid unrestricted license and has practiced as a CPA for a minimum of four (4) of the last ten (10) years and has a bachelor's degree and passed the CPA exam.

Out-of-state CPA holding a restricted license: A non-resident CPA who qualifies for practice privileges under one of the three options listed above but holds a restricted license shall apply to the Missouri Board in writing, on a provisional licensure form obtain from the Missouri Board. Should the Missouri Board chose to approve the provisional license, there will be no fee.

Practice Privileges extend to offering to perform or performing a regulated activity in person or by mail, telephone, or other electronic means in Missouri.

Consent to Jurisdiction

An individual licensee of another state exercising practice privileges and the firm which employs such licensee simultaneously consent, as a condition of the grant of this privilege, to:

- Submit to the personal and subject matter jurisdiction and disciplinary authority of the Missouri Board;
- Comply with the laws and rules of the Missouri Board;
- Cease offering or rendering professional services in Missouri individually and on behalf of a firm if the license from any state is no longer valid or unrestricted;
- The appointment of the state board that issued the individual's license as the agent upon whom process may be served in any action or proceeding by the Missouri Board against that individual.

Firm Registration Requirements May Apply

A CPA who qualifies for practice privileges and intends to perform attest services for an entity with a home office in Missouri shall only do so through a firm which has obtained a Missouri firm permit.

A CPA who qualifies for practice privileges may provide compilation or review services provided the licensee is associated with a firm holding a current permit to practice in this or any other state.

The following shall hold a firm permit:

- Any firm with an office in Missouri performing compilation, review or attest services;
- Any firm with an office in Missouri that uses the title "CPA" or "CPA firm"; and
- Any firm that does not have an office in Missouri performing attest services for a client having a home office in Missouri. (One page of the firm application includes a provisional license application for one individual of the firm.)

A firm that does not have an office in Missouri may perform compilation and review services for a client having a home office in Missouri and may use the title "CPA" or "CPA Firm" without a permit issued by the Missouri Board only if:

- The firm meets the qualifications regarding firm ownership and peer review for Missouri firms; and
- Performs such services through an individual with practice privileges in Missouri.

A firm which is not located in Missouri or providing attest, compilation or review services for a client located in Missouri may perform other professional services while using the title "CPA" or "CPA firm" in Missouri without a permit issued by the Missouri board only if it:

- Meets the Missouri firm ownership requirements;
- Performs such services through an individual with practice privileges in Missouri; and
- Can lawfully do so in the state where said individual with practice privileges has his/her principal place of business.

Incidental Practice Exception

An out-of-state CPA may temporarily practice in Missouri for professional business incidental to a CPA's regular practice outside Missouri. "Temporary practice" means that practice related to the direct purpose of an engagement for a client located outside of Missouri, which engagement began outside of Missouri and extends into Missouri through common ownership, existence of a subsidiary, assets or other operations located within Missouri.

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montana

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

- Applicant must not be a resident of Montana.
- Applicant must not maintain an office in Montana.

A CPA whose principal place of business is outside of Montana may provide services in Montana *without providing notice or paying a fee* if the individual:
Holds a valid active license in a substantially equivalent jurisdictions; OR
Has substantially equivalent individual CPA qualifications. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the 150 hour education requirement for practice privilege purposes.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Montana, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Montana and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of this Board.
- Compliance with the provisions of the Montana Accountancy Law and rules and regulations adopted by the Board.
- In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Montana individually and on behalf of the CPA firm.
- The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

A person who has been granted practice privileges in Montana and who, for any client with its home office in Montana, performs any attest services or compilations may do so **only** through a firm registered in Montana.

The following firms must register annually in Montana:

- Those with an office in Montana performing attest services and compilations;
- Those with an office in Montana that uses the title *CPA* or *CPA Firm* ;
- Firms that do not have an office in Montana but perform attest services and compilations for a client having its home office in Montana.

A firm that is not subject to the above requirements for licensure may perform other professional services while using the title *CPA* or *CPA Firm* without a firm registration in Montana if the firm:

- Performs the services through an individual with practice privileges in Montana; and
- May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.



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Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Beginning September 1, 2010, a CPA whose principal place of business is outside of Nebraska may exercise all the privileges of Nebraska CPAs *without the need to obtain a license or pay a fee*, if the individual holds an active permit, certificate or license which allows the person to engage in the practice of public accountancy as a CPA in another state.

Please Note: A person is not eligible to exercise the practice privilege if the person has a permit, certificate or license under current suspension or revocation for reasons other than nonpayment of fees or failure to comply with continuing professional educational requirements in another state.

Practice Privileges extend to professional services offered or rendered, whether in person or by mail, telephone or electronic means, and no notice, fee or other submission shall be provided by any such individual.

Consent to Jurisdiction

By law, a CPA of another state exercising practice privileges in Nebraska and the entity which employs the CPA consents, as a condition to the exercise of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Nebraska Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in this state individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by the Nebraska Board against the licensee.

The practice privilege shall not be interpreted to prevent any governmental body from requiring that public accounting services performed for a governmental body or for an entity regulated by a governmental body be performed by a person or firm holding a permit issued by the Nebraska Board.

Foreign Countries: The Nebraska Board may grant to a person who holds a certificate, degree or license in a foreign country constituting a recognized qualification for the practice of public accountancy in such country and who does not hold a certificate or permit issued by Nebraska or any other state and whose principal place of business is outside Nebraska, the privilege to temporarily practice in Nebraska on professional business incident to his or her regular practice outside Nebraska. Such privilege must be conducted in conformity with the rules and regulations of the Board. Foreign individuals temporarily practicing in Nebraska consent to the same criteria as listed above for practice privileges. Performing attestation services for any entity with its home office in Nebraska will require the firm to hold a permit issued by the Nebraska Board. The individual must use only the title or designation under which he or she is generally known in their own country, followed by the name of the foreign country. The Nebraska Board may require the filing of notice and/or payment of a fee for this temporary privilege. Contact the Nebraska Board directly for additional information.

Firm Registration Requirements May Apply

An individual exercising practice privileges in Nebraska and who provides attestation services (including review engagements) for any entity with its home office in Nebraska may only do so through a firm or an affiliated entity which holds a firm permit issued by the Nebraska Board.

If firm registration is required for mobility purposes, then a firm partner will also require Nebraska licensure.

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nevada

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges. Effective July 1, 2009, Nevada will allow practice privileges. Practices privileges were created in SB335 during the 2009 legislative session. The details of SB335 are provided below.

A CPA whose principal place of business is outside of Nevada may temporarily provide certain non-attest services in Nevada *without providing notice or paying a fee* if the individual holds a valid license as a CPA from any state other than Nevada. Click here to view the [Nevada Practice Privilege \(Mobility\) Information and on-line form](#) created by the Nevada Board of Accountancy. However, a CPA performing attest services for a client having its home office in Nevada must obtain out of state registration of the firm or sole proprietorship.

Attest is defined by the Nevada Board as follows: "Attest, attesting and attestation mean the issuance of opinions, reports or other documents which state or imply assurance of the reliability of information when the opinions, reports or other documents are accompanied by or contain any name, title or wording which indicates that the person or other entity which has issued them is an accountant or auditor, or has expert knowledge in accounting or auditing. The terms include any disclaimer of an opinion when the disclaimer is in a form which is understood to imply any positive assurance of the reliability of the information and expertise on the part of the person making the disclaimer."

Attest engagements would also include the following:

Any audit or other engagement to be performed in accordance with SAS;

Any review of a financial statement to be performed in accordance with SSARS;

Any examination of prospective financial information to be performed in accordance with SSAE which include forecasts, projections, budgets whether compiled or audited, agreed upon procedures, examination of written assertions, review of written assertions, and bank directors examinations; and

Any engagement to be performed in accordance with PCAOB standards.

"Home office" is defined as the location specified by a client of an accountant as the address of an entity for which the accountant practices public accounting, performs an attestation or compilation, or performs other professional services within the practice of public accounting.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Nevada and the partnership, corporation, LLC or sole proprietorship that employs the CPA consents, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of the Nevada Board.

Compliance with the provisions of the Nevada laws and the rules and regulations adopted by the Nevada Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Nevada individually and on behalf of the partnership, corporation, LLC or sole proprietorship.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any investigation, action or proceeding by the Nevada Board against the licensee.

Firm Registration Requirements May Apply

A natural person granted practice privileges in Nevada may perform attest services for a client having his home office in Nevada only if the partnership, corporation, LLC or sole proprietorship that employs the person is properly registered in Nevada.

An out of state firm or sole practitioner that does not have an office in Nevada may utilize the CPA designation and perform the following services WITHOUT registering with the Nevada Board:

Practice of Public Accounting (No Attest) - Defined as the offering to perform or the performance by a holder of a live permit, for a client or potential client, of one or more services involving the use of skills in accounting or auditing, one or more services relating to advising or consulting with clients on matters relating to management or the preparation of tax returns and the furnishing of advice on matters relating to taxes.

Compilation Services - Defined as the presentation, in the form of financial statements prepared in accordance with the Statements on Standards for Accounting & Review Services (SSARS) published by the AICPA, of information that is a representation by the owner or management of an entity without undertaking to state or imply assurance of the reliability of the information.

In addition, individual CPA registration is NOT required if the CPA is employed by a firm or sole proprietorship that requires registration. Only the firm would obtain the out of state registration.

A person who, on his own behalf or on behalf of a partnership, corporation, LLC or sole proprietorship, signs or authorizes another to sign an accountant's report on financial statements shall meet the requirements for competency as set forth in the professional standards of accounting.

A partnership, corporation, LLC or sole proprietorship *that does not have an office in Nevada:*

Must register with the Nevada Board if the partnership, corporation, LLC or sole proprietorship performs attest services for a client having his home office in Nevada, and

May practice public accounting, may perform compilation services or other professional services within the practice of public accounting other than attest services for a client having his home office in Nevada, may be styled and known as a certified public accountant and may use the title or designation "certified public accountant and the abbreviation "CPA" without registering with the Nevada Board if:

Persons who are CPAs in any state constitute a simple majority, in terms of financial interests and voting right of all partners, shareholders, officers, members and principals thereof, of the ownership of the partnership, corporation, LLC or sole proprietorship;
The partnership, corporation, LLC or sole proprietorship complies with the ownership, organization and liability requirements of Nevada firms;
A natural person granted practice privileges in Nevada practices such public accounting or performs such compilation services or such other professional services within the practice of public accounting (other than attest services) for the client having his home office in Nevada; and
The partnership, corporation, LLC or sole proprietorship can lawfully perform such services in the state where the natural person exercising practice privileges in Nevada has his principal place of business.

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new hampshire

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privilege. Effective July 1, 2009, New Hampshire will allow practice privileges. Practices privileges were created in HB256 during the 2009 legislative session. The details of HB256 are provided below.

A CPA whose principal place of business is outside of New Hampshire may temporarily provide services in New Hampshire *without providing notice or paying a fee* if the individual:

- Holds a valid active license in a substantially equivalent jurisdiction; OR
- Has substantially equivalent individual CPA qualifications. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to July 1, 2014 shall be exempt from the 150 hours education requirement for practice privilege purposes.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in New Hampshire, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in New Hampshire and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of this Board.
- Compliance with the provisions of the New Hampshire Accountancy Law and the rules and regulations adopted by the Board.
- In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in New Hampshire individually and on behalf of the CPA firm.
- The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

An individual exercising practice privileges in the performance of the following services for any entity with its home office in New Hampshire must perform such services through a firm which has registered with the New Hampshire Board:

- A financial statement audit or other engagement to be performed in accordance with SAS,
- An examination of prospective financial information to be performed in accordance with SSAE, or
- An engagement to be performed in accordance with the auditing standards of the PCAOB.

The Board has confirmed that services performed in accordance with SSARS also requires firm registration in New Hampshire.

An out-of-state firm (those firms with no office in this state) may provide compilation services or review financial statements in accordance with SSARS for a client having its home office in New Hampshire and may use the title "CPA" or "CPA firm" without obtaining a New Hampshire firm permit if the firm:

- Meets firm requirements for licensure in New Hampshire; and
- Performs services through an individual with practice privileges.

An out-of-state firm that does not perform any of the services described above may perform other professional services while using the title "CPA" or "CPA firm" without a firm permit if the firm:

- Performs the services through an individual with practice privileges in New Hampshire; and
- May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

new jersey

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective July 15, 2009, New Jersey will allow practice privileges. Practices privileges were created in A2466 during the 2008 legislative session. The details of A2466 are provided below. Click here to access the [New Jersey Legislature's bill search site](#).

A CPA whose principal place of business is outside of New Jersey may temporarily provide services in New Jersey *without providing notice or paying a fee* if the individual:

- Holds a valid active license in a substantially equivalent jurisdiction; OR
 - Has substantially equivalent individual CPA qualifications. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.
- Individuals who do not qualify for practice privileges must apply for a Reciprocal License. Click [Reciprocal Licensure](#) above for additional information.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the 150 hours education requirement for practice privilege purposes.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in New Jersey, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in New Jersey and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of this Board.
- Compliance with the provisions of the New Jersey Accountancy Law and the rules and regulations adopted by the Board.
- In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in New Jersey individually and on behalf of the CPA firm.
- The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

An individual exercising practice privileges in the performance of the following services for any entity with its home office in New Jersey must perform such services through a firm which has registered with the New Jersey Board:

- A financial statement audit or other engagement to be performed in accordance with SAS,
- An examination of prospective financial information to be performed in accordance with SSAE, or
- An engagement to be performed in accordance with the auditing standards of the PCAOB.

An out-of-state firm (those firms with no office in this state) may provide compilation services or review financial statements in accordance with SSARS for a client having its home office in New Jersey and may use the title "CPA" or "CPA firm" without obtaining a New Jersey firm permit if the firm:

- Meets firm requirements for licensure in New Jersey; and
- Performs services through an individual with practice privileges.

An out-of-state firm that does not perform any of the services described above may perform other professional services while using the title "CPA" or "CPA firm" without a firm permit if the firm:

- Performs the services through an individual with practice privileges in New Jersey; and
- May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

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new mexico

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must be of good moral character and lack a history of dishonest or felonious acts.
Applicant's principal place of business must not be in New Mexico.

A person whose principal place of business is *not* in New Mexico shall be presumed to have qualifications substantially equivalent to New Mexico's requirements and may exercise all the practice privileges of certificate holders of New Mexico without the need to obtain a certificate in New Mexico if the person:

holds a valid license as a CPA from *any state* that requires, as a condition of licensure, that a person:

have at least 150 semester hours of college education, including a baccalaureate or higher degree conferred by a college or university acceptable to the Board;

achieve a passing grade on the Uniform CPA Exam; and

possess at least one year of experience, including any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, which may be obtained through government, industry, academic or public practice, all of which can be verified by a licensee; OR

holds a valid license as a CPA from any state that does not meet the above requirement but the person's *individual qualifications* are substantially equivalent to those requirements. A person who passed the uniform CPA examination and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the education requirement.

A person exercising the practice privilege and the firm that employs the licensee simultaneously shall consent, as a condition of exercising the practice privilege, to have:

Submitted to the personal and subject matter jurisdiction and disciplinary authority of the New Mexico Board;

To cease offering or rendering professional attest services in New Mexico in the event the license from the state of the person's principal place of business is no longer valid;

Agreed to full compliance with the New Mexico Act and related Board rules; and

Consented to appointment of the state board that issued the license as agent upon whom process may be served in an action or proceeding by the New Mexico public accountancy board against the licensee.

A person exercising the practice privilege shall cease offering or rendering professional attest services in New Mexico in the event the license from the state of the person's principal place of business is no longer valid.

An individual who qualified for practice privileges may offer or render professional services whether in person or by mail, telephone, or electronic means without the need to notify the New Mexico Board or remit a fee.

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new york

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges/Limited Permit

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges.

Effective November 15, 2011: A CPA whose principal place of business is not in New York and who is licensed by another state which the Board of Regents has determined to have substantially equivalent certified public accountant licensing requirements (all U.S. jurisdictions except the Virgin Islands), or whose individual licensure qualifications are verified by the department to be substantially equivalent to New York's requirements, and is in good standing, may practice public accountancy in New York if the CPA:

- holds a valid license to practice public accountancy in the other state; and
- practices public accountancy in another state that is his/her principal place of business.

Currently it is unclear whether an individual holding a New York CPA license in "inactive" status can avail themselves of practice privileges in New York. An individual holding an inactive New York CPA license should contact the New York Board directly before exercising practice privileges for further clarification.

Firm Registration Requirements May Apply

An individual who has been granted practice privileges who offers to perform or performs attest and/or compilation services or offers to perform or performs professional services for clients, in any or all matters relating to accounting concepts and to the recording, presentation, or certification of financial information or data must do so through a firm which has obtained a New York firm registration. CPAs exercising practice privileges in New York may offer to perform or perform, for other persons, the following services through a CPA firm that does not have a registration in New York but holds a valid license, registration or permit in another state: One or more types of the following services including but not limited to accounting, management advisory, financial advisory, and tax exclusive of services described earlier in this paragraph, involving the use of professional skills or competencies of the licensed accountant as described in the rules of the board of regents, including professional services rendered to one's employer not required to register, in any and all matters related to accounting concepts and to the recording of financial data or information or the preparation or presentation of financial statements.

Any CPA who qualifies for practice privileges and offers or renders professional services in person or by mail, telephone or electronic means may practice public accountancy in New York without notice to the Department.

Consent to Jurisdiction

Any CPA exercising practice privileges in New York and the firm that employs such CPA, consents to all of the following as a condition to the exercise of such practice privileges:

- To the personal and subject matter jurisdiction and disciplinary authority of the Board of Regents as if the practice privilege is a license, and an individual with a practice privilege is a licensee;
- To comply with the laws, rules of the Board of Regents and the regulations of the commissioner;
- To the appointment of the secretary of state or other public official acceptable to the department, in the CPA's state of licensure or the state in which the firm has its principal place of business, as the CPA or firm's agent upon whom process may be served in any action or proceeding by the department against such CPA or firm.

In the event the license from the CPA's principal place of business is no longer valid or in good standing, or that the CPA has had any final disciplinary action taken by the licensing or disciplinary authority of any other state concerning the practice of public accountancy that has resulted in (1) the suspension or revocation of his/her license, or (2) other disciplinary action against his/her license that arises from (a) gross negligence, recklessness or intentional wrongdoing relating to the practice of public accountancy, (b) fraud or misappropriation of funds relating to the practice of public accountancy, or (c) preparation, publication, or dissemination of false, fraudulent, or materially incomplete or misleading financial statements, reports or information relating to the practice of public accountancy, the CPA shall cease offering to perform or performing such services in New York individually and on behalf of his/her firm, until and unless such CPA receives written permission from the department to resume the practice of public accountancy in New York.

Competency Requirements

Any licensee who supervises attest services or signs or authorizes someone to sign an accountant's report on the financial statements of a client for such services shall: (i) have at least 1,000 hours of experience within the previous five years in providing attest services or reporting on financial statements gained through employment in government, private industry, public practice or an educational institution satisfactory to the State Board for Public Accountancy; or (ii) be employed by a firm registered with the Department pursuant to section 70.8 of the Regulations of the Commissioner of Education that has undergone a peer review satisfactory to the Department which indicates that the firm has received a rating of pass or pass with deficiencies. The individual must also have completed at least 40 hours of continuing education in the area of accounting, auditing or attest during the prior three calendar years or in the calendar year in which the service is performed; and have maintained the level of education, experience and professional conduct required by generally accepted professional standards as described in paragraph (7) of this subdivision, relating to the attest services performed.

Any licensee who supervises a compilation engagement or signs or authorizes someone to sign an accountant's report on financial statements of a client for such compilation services shall have completed at least 40 hours of continuing education in the area of accounting, auditing or attest during the prior three calendar years or in the calendar year in which the service is performed; and

Restrictions May Apply

Any CPA who, within the last seven years immediately preceding the date on which he/she wishes to practice in New York, meets any of the following

conditions, must notify the department and cannot not practice public accountancy in New York through practice privileges until he/she has received from the department written permission to do so. Failure to provide this notice subjects the CPA to the disciplinary authority of the Board.

Has been the subject of any final disciplinary action taken against him/her 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/her in any other jurisdiction or

Has had his/her license in another jurisdiction reinstated after a suspension or revocation of said license, or

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, or

Has been convicted of a crime or is subject to pending criminal charges in any jurisdiction.

A person wishing to practice public accounting in New York who does not meet the requirements for practice privileges must obtain a full license and registration from the New York Board. Click *Reciprocal Licensure* above for additional information.

General Requirement for Limited Permit for Foreign Accountants

Applicant must be of good moral character.

Applicant must be the holder of a certificate, license or degree from Applicant's home country.

Applicant must have professional qualifications that are determined to be significantly comparable to the licensure requirements for certified public accountancy in New York.

Applicant's home country must grant equal recognition to New York public accountants and certified public accountants.

Applicant must reside in New York or have a place of business located in New York.

The Limited Permit is valid for two years.

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north carolina

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Individual Practice Privilege

An individual whose principal place of business is outside North Carolina is granted the privilege to perform or offer to perform services, whether in person or by mail, telephone or electronic means, in North Carolina as a CPA without notice to the North Carolina Board, the submission of any other documentation or the payment of any fee if the individual meets all of the following conditions:

Holds a valid unrevoked certificate as a CPA or its equivalent issued by another state, a territory of the U.S., or the District of Columbia.

Holds a valid and unrevoked license or permit to practice as a CPA issued by another state, a territory of the U.S., or the District of Columbia.

Has passed the Uniform CPA Examination; and

Has not been convicted of a felony under the laws of the US, any state, a territory of the US, of the District of Columbia and has never been convicted of a crime, an essential element of which is dishonesty, deceit, or fraud unless the jurisdiction in which the individual is licensed has determined the felony or other crime has no effect on the individual's license.

Any person who holds a CPA certificate from another jurisdiction and who temporarily enters North Carolina for the sole purpose of rendering advisory or consulting services to person employed by the same employer as the CPA (including parent, sister, or subsidiary entities) is not required to obtain licensure in North Carolina. Out-of-state CPAs neither residing nor employed in North Carolina who enter the state for the sole purpose of performing a peer review or quality review for a North Carolina licensee are not required to obtain licensure to perform the review.

Individual Consent to Jurisdiction

An individual who qualifies for practice privileges and exercise the privilege by performing or offering to perform services as a CPA in North Carolina simultaneously consents as a condition to the grant of this privilege to:

Comply with the laws of North Carolina, the provisions of the chapter and rules adopted by the North Carolina Board;

Have an administrative notice of hearing served on the licensing board in the individual's principal state of business, notwithstanding the individual notice requirements of G.S. 150B-38; and

Be subject to personal jurisdiction, subject matter jurisdiction and disciplinary authority of the North Carolina Board.

Firm Practice Privilege, Consent to Jurisdiction and Firm Notification Requirements

A firm whose principal place of business is outside North Carolina and has no office in North Carolina is granted the privilege to perform or offer services, whether in person or by mail, telephone or electronic means, in North Carolina as a firm without notice to the North Carolina Board, submission of any other documentation or payment of any fee, except as otherwise provided below. A firm that exercises the privilege afford simultaneously consents as a condition to the grant of the privilege to:

Comply with the laws of North Carolina, the provisions of the chapter and rules adopted by the North Carolina Board;

Be subject to personal jurisdiction, subject matter jurisdiction and disciplinary authority of the North Carolina Board; and

Provide notice without a fee to the Board if any individual with the firm who has been granted privileges in North Carolina to practice as a CPA performs any of the following services for a client in North Carolina:

A financial statement audit or other engagement performed in accordance with SAS;

An examination of prospective financial information performed in accordance with SSAE; or

An engagement performed in accordance with the PCAOB auditing standards.

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north dakota

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

Effective August 1, 2009, a CPA whose principal place of business is outside of North Dakota may temporarily provide services in North Dakota *without providing notice or paying a fee* if the individual:

Holds a valid active license in a substantially equivalent jurisdiction; OR

Has substantially equivalent individual CPA qualifications. Individual substantial equivalency can be evaluated through NASBA's CredentialNet service.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the education requirement in the Uniform Accountancy Act for practice privilege purposes.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in North Dakota, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in North Dakota and the firm which employs the CPA consents, as a condition to the grant of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of the North Dakota Board.

Compliance with the provisions of the North Dakota Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in North Dakota individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

Any firm with an office in North Dakota practicing public accountancy or using the title "CPA", "LPA", "CPA firm" or "LPA firm" or similar titles must hold a permit issued by the North Dakota Board.

An out-of-state firm may perform professional services while using the title "CPA" or "CPA firm" without a firm permit issued by the North Dakota Board only if the firm:

Performs the services through an individual who holds a valid CPA license or with practice privileges in North Dakota; and

May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.



ohio

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

An individual whose *principal place of business is not in Ohio* and who holds a valid foreign certificate as a certified public accountant shall be presumed to have qualifications substantially equivalent to Ohio's CPA requirements and shall have all of the privileges of a holder of a CPA certificate and an Ohio permit without the need to obtain a CPA certificate and an Ohio permit if the Ohio State Board has found that the CPA requirements of the state that issued the individual's foreign certificate are substantially equivalent to Ohio's CPA requirements. [Click here to see a list of states deemed to be substantially equivalent by the Ohio State Board.](#)

Please Note: All of the states that do not have a 150-hour basic requirement will be considered substantially equivalent until January 1, 2012. For states designated as "two-tier," only those CPAs holding an active license or permit are considered substantially equivalent.

oklahoma

Practice Privilege / Mobility / Interstate Practice Requirements

Practice privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirements

An individual whose principal place of business is outside Oklahoma and who holds a valid certificate or license as a CPA or PA from any state or territory of the United States or from the District of Columbia shall be presumed to have qualifications substantially equivalent to Oklahoma's requirements and shall have all the privileges of certificate and license holders of Oklahoma without the need to obtain an Oklahoma certificate, license or permit.

Oklahoma previously offered practice privileges on a "quid pro quo" status with the CPA's home jurisdiction. However, the Oklahoma legislature passed HB1779 providing practice privileges to qualified CPAs with no notice or fee requirements. HB1779 was signed by the Governor on April 14, 2009 and went into effect immediately.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Oklahoma, and no notice or other submission shall be provided by the individual.

Firm Registration Requirements (May Apply to Individuals)

An individual exercising practice privileges in the performance of the following services for any entity with its home office in Oklahoma must perform such services through a firm which has registered with the Oklahoma Board:

A financial statement audit or other engagement to be performed in accordance with SAS,

Any report to be performed in accordance with SSAE, or

An engagement to be performed in accordance with the auditing standards of the PCAOB.

The Board has confirmed that services performed in accordance with SSARS also require firm registration in Oklahoma.

An out-of-state firm that does not perform any of the services described above for a client whose home office is in Oklahoma may perform other professional services in Oklahoma without a firm license, permit or notice to the Oklahoma Board if the firm's practice in Oklahoma is performed by an individual who is licensed in Oklahoma or who has been granted practice privileges in Oklahoma.

An individual offering or rendering professional accounting services to Oklahoma clients from a web site or any electronic means shall disclose, via any such web site or electronic means, the individual's principal jurisdiction of licensure, license number and an address as a means for regulators and the public to contact the individual regarding complaints, questions or regulatory compliance. A firm offering or rendering such services must provide on the web site's home page or by electronic medium, a name, an address and the principal jurisdiction of licensure.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Oklahoma and the firm which employs the CPA simultaneously consent, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Oklahoma Accountancy Act and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Oklahoma individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual or firm license as the agent upon whom process may be served in any action or proceeding by this Board against the licensee.

oregon

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

The Oregon legislature passed SB867 on June 3, 2009. The legislation became effective on June 26, 2009, after it was signed by the Governor.

A CPA whose principal place of business is outside of Oregon may temporarily provide services in Oregon *without providing notice or paying a fee* if the individual:

Holds a valid active license in a substantially equivalent jurisdiction; OR

Has substantially equivalent individual CPA qualifications.

Individuals must make his/her own determination whether their qualifications meet the requirements for Oregon.

No submissions to the Oregon Board are required.

CPAs who are not currently licensed in a substantially equivalent jurisdiction and do not have substantially equivalent individual qualifications will most likely be required to apply for a reciprocal license. CPAs seeking to exercise practice privileges in Oregon after July 1, 2009 who are not currently licensed in an SE jurisdiction should contact the Oregon Board directly for additional information.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Oregon and the business organization that employs the CPA consent, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Oregon Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual and any other person who is employed by the business organization and who is offering or rendering professional services in Oregon shall cease offering or rendering professional services in Oregon individually and on behalf of the business firm.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

For purposes of practice privileges, a sole proprietor is a business organization.

Firm Registration Requirements May Apply

An individual exercising practice privileges in the performance of the following services for any entity with its home office in Oregon must perform such services through a firm which has registered with the Oregon Board:

A financial statement audit or other engagement to be performed in accordance with SAS;

An examination of prospective financial information to be performed in accordance with SSAE, or

An engagement to be performed in accordance with the auditing standards of the PCAOB.

An out-of-state firm (those firms with no office in this state) may provide compilation services or review financial statements in accordance with SSARS for a client having its home office in Oregon and may use the title "CPA" or "CPA firm" without obtaining a Oregon firm permit if the firm:

Meets firm requirements for licensure in Oregon; and

Performs services through an individual with practice privileges.

An out-of-state firm that does not perform any of the services described above may perform other professional services while using the title "CPA" or "CPA firm" without an Oregon firm permit if the firm:

Performs the services through an individual with practice privileges in Oregon; and

May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.



pennsylvania

Practice Privilege / Mobility / Interstate Practice Requirements

Temporary Practice Permit

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective September 8, 2008, an individual whose principal place of business is outside of Pennsylvania may exercise all the privileges of Pennsylvania CPAs *without the need to obtain a license or pay a fee* if the individual:

Holds an active license in good standing in a substantially equivalent jurisdiction; OR

Has individual qualifications that are substantially equivalent to Pennsylvania's requirements. A CPA who holds a license in a jurisdiction not on the substantially equivalent list linked above may obtain an individual substantial equivalency evaluation from NASBA's [CredentialNet Service](#).

An individual who passed the Uniform CPA Exam and holds a valid license to practice public accounting issued by any other state on or before December 31, 2011, may be exempt from the education requirement of 150 semester credit hours for purposes of practice privileges.

Practice privileges extend to the provision of professional services in Pennsylvania including, without limitation, in person or by mail, telephone or electronic means.

General Requirement for Temporary Practice Permit

A non-resident applicant may temporarily practice public accountancy in Pennsylvania if applicant:

Holds a valid license or registration to practice public accountancy in another state or jurisdiction;

Concurrently practices public accountancy in the other state or jurisdiction; and

Obtains a temporary practice permit from the Pennsylvania State Board prior to performing the temporary work.

Temporary practice permit:

Allows a certified public accountant, or partnership or corporation, who meets the requirements above to work for not more than 500 hours in Pennsylvania during a 12-month period, except that this 500 hour limitation does not apply if the holder of the temporary practice permit is working only on a single, nonrecurring engagement;

Is valid for not more than 12 months beginning on the date of issuance; and

Is renewable if the permit was not granted for a single, nonrecurring engagement in excess of 500 hours.



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puerto rico

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Puerto Rico does not offer practice privileges. A non-resident CPA wishing to practice public accounting in Puerto Rico must apply for a Reciprocal License. CPA licensing services for Puerto Rico are provided by NASBA. Please visit the [CPA Licensing section](#) of NASBA's website for full details about applying for a reciprocal CPA license in Puerto Rico.

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rhode island

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant's principal place of business or principal residence is not in the state of Rhode Island.
Applicant must be of good moral character.
Applicant must pass the AICPA Ethic's Exam.
Applicant must have a valid certificate or license as a certified public accountant from any state whose licensure requirements are determined to be substantially equivalent. The substantial equivalency standard indicates that an individual whose principal place of business or principal residence is not in this state, having a valid certificate or license as a certified public accountant from any state whose licensure requirements are determined to be substantially equivalent with the conditions of this section, shall have all the privileges of certificate holders and licensees of Rhode Island without the need to obtain a certificate or permit from Rhode Island.

INDIVIDUAL OUT-OF-STATE PERMIT

General Requirement

Applicant's principal residence or primary place of employment must not be in Rhode Island. This requirement may be waived by the Rhode Island State Board at its discretion.
Applicant must be of good moral character.
Applicant must meet all current requirements in Rhode Island at the time application is made.
At the time of issuance of the Applicant's certificate in the other state, the applicant met all requirements then applicable in Rhode Island unless reciprocity is allowed under Rhode Island's substantial equivalency standard. Substantial equivalency standard indicates that an individual whose principal place of business or principal residence is not in this state, having a valid certificate or license as a certified public accountant from any state whose licensure requirements are determined to be substantially equivalent with the conditions of Rhode Island, shall have all the privileges of certificate holders and licensees of this state without the need to obtain a certificate or permit from this state as long as the conditions of this section are met.
If the holder of a certificate issued by another state meets all current requirements in Rhode Island except the educational or experience requirements, or passed the examination under different credit provisions then applicable in Rhode Island, then the board shall issue a certificate to the applicant upon application for the certificate and upon payment of the required fee, provided that:
The applicant has four (4) years of experience in the practice of public accountancy within the ten (10) years immediately prior to the application; or
The applicant has five (5) years of experience in the practice of public accountancy over a longer or earlier period and has completed fifteen (15) current semester hours of accounting, auditing, and any other related subject that the board specifies by rule, at an accredited institution, and has one year of current experience in the practice of public accountancy.

Education Requirement

Applicant must have completed 150 semester hours.
Applicants will be deemed to have met the education requirement if, as part of the 150 semester hours of education, he or she has met any one of the following conditions:
Earned a graduate degree with a concentration in accounting from a program that is accredited in accounting by an accrediting agency recognized by the Rhode Island State Board.
Earned a graduate degree from a program accredited in business by an accrediting agency recognized by the Rhode Island State Board and completed not less than twenty-four (24) semester hours in accounting at the undergraduate level or fifteen (15) semester hours at the graduate level, or an equivalent combination thereof.
Earned a baccalaureate or higher degree at an institution accredited by an accrediting agency recognized by the Rhode Island State Board and completed not less than twenty four (24) semester hours in accounting at the undergraduate or graduate level, and completed not less than 24 semester hours in business courses (other than accounting courses) at the undergraduate or graduate level.

Examination Requirement

Applicant shall have passed the Uniform Certified Public Accountant Examination.
Applicant must pass the AICPA Ethic's Exam.

Experience Requirement

Applicant must have a minimum of one year work experience.
Applicant's experience must be under the direct supervision of a CPA.
This experience shall include providing any type of service or advice involving the use of accounting, attest, management advisory, financial advisory, tax or consulting skills all of which was verified and supervised by a licensee, meeting requirements prescribed by the Rhode Island State Board by rule.
Experience may be in public practice, government, industry, education, or any combination thereof.



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south carolina

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

An out-of-state applicant whose principal place of business is outside of South Carolina is presumed to have qualifications substantially equivalent to South Carolina's requirements and may exercise all the privileges of licensees of South Carolina without the need to obtain a license if the individual:

Holds a valid license as a CPA from any state which requires, as a condition of licensure, that an individual:

- Have at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university;
- Achieve a passing grade on the Uniform CPA Exam; and
- Possess at least one year of accounting experience.

[Click here to view a listing of jurisdictions determined by the South Carolina Board to be substantially equivalent Mobility purposes.](#) OR

Holds a valid license as a CPA from any state that does not meet the above requirements but such individual's CPA qualifications are substantially equivalent to those requirements.

An individual who passed the Uniform CPA Exam and holds a valid license issued by any other state before January 1, 2012, may be exempt from the education requirement for these purposes.

Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person or by mail, telephone, or electronic means pursuant to practice privileges is granted such privileges in South Carolina and no notice, fee or other submission may be required of the individual.

An individual licensee or holder of a permit to practice of another state exercising practice privileges and the firm that employs that licensee simultaneously consents, as a condition of exercising this privilege:

- To the personal and subject matter jurisdiction and disciplinary authority of the South Carolina Board;
- To comply with the provisions of the law and the regulations promulgated pursuant to this privilege;
- That in the event the license or permit to practice from the state of the individual's principal place of business is no longer valid, to cease offering or rendering professional services in South Carolina individually and on behalf of a firm; and
- To have an administrative notice of hearing served on the board in the individual's principal state of business in any action or proceeding by the South Carolina Board against the licensee.

An individual who qualifies for practice privileges who performs any of the following services for an entity with its home office in South Carolina may only perform these services through a firm that has obtained a registration issued by the South Carolina Board:

- A financial statement audit or other engagement to be performed in accordance with Statements on Auditing Standards;
- An examination of prospective financial information to be performed in accordance with the Statements on Standards for Attestation Engagements; or
- An engagement to be performed in accordance with Public Company Accounting Oversight Board Auditing Standards.

Out-of-State Firms

Firms that do not have an office in South Carolina and that do not perform audits under SAS, examinations under SSAE, or services under PCAOB auditing standards for a client having its home office in South Carolina, may engage in the practice of accounting, without obtaining a registration.

Such firms may perform services including reviews according to SSARS and compilations for a client having its home office in South Carolina, may engage in the practice of accounting and may use the title "CPA" or "CPA firm" only if the firm:

- Meets Board qualifications for firm license; and
 - Performs these services through an individual with practice privileges.
- Can lawfully do so in the state where these individuals with practice privileges have their principal place of business.

Out of State Firms that perform audits under SAS, examinations under SSAE, or services under PCAOB auditing standards for a client having its home office in South Carolina must register for an Out-of-State Firm Practice Privilege with the South Carolina Board of Accountancy.

Click on Firm Registration above for the appropriate application and procedures.



south dakota

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective July 1, 2009, practice privileges are available in South Dakota. Practice privileges were created in HB1058 during the 2009 legislative session. The details of HB1058 are provided below.

A CPA whose principal place of business is outside of South Dakota may temporarily provide services in South Dakota *without providing notice or paying a fee* if the individual:

- Holds a valid active license in a substantially equivalent jurisdiction; OR
 - Has individual CPA qualifications determined to be substantially equivalent to the CPA licensure requirements of South Dakota.
- Individuals may send their credentials to the South Dakota Board for verification of substantial equivalency but are not required to do so.

Individuals who do not qualify for practice privileges must apply for a reciprocal license.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in South Dakota, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in South Dakota and the firm which employs the CPA consents, as a condition to the grant of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of the South Dakota Board.
 - Compliance with the provisions of the South Dakota Accountancy Law and the rules and regulations adopted by the Board.
- In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in South Dakota individually and on behalf of the CPA firm.
- The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

An individual exercising practice privileges may perform the following services for a client who resides in South Dakota or has its home office in South Dakota only if the firm has obtain a South Dakota firm permit:

- Any audit or other engagements to be performed in accordance with SAS;
- Any examination of prospective financial information to be performed in accordance with SSAE; or
- Any engagement to be performed in accordance with PCAOB auditing standards.

A firm which does not have an office in South Dakota may perform compilations in accordance with SSARS that is the representation of management (owners) without undertaking to express any assurance on the statements and any review of a financial statements to be performed in accordance with SSARS for a client residing in or having a home office in South Dakota and may use the title CPAs, CPA firm, PAs, or PA firm without a South Dakota firm permit if:

- The firm meets the requirements for firm licensure in South Dakota; and
- The firm performs the services through an individual with practice privileges.

An out-of-state firm may perform other professional services while using the title CPA, PAs, CPA firm or PA firm without a firm permit issued by the South Dakota Board only if the firm:

- Performs the services through an individual with practice privileges in South Dakota; and
- May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.



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tennessee

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant is the holder of a valid Certified Public Accountant license from a substantially equivalent jurisdiction or their individual qualifications are substantially equivalent. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) Service.

Applicant must NOT have a principal place of business in Tennessee.

Applicant must agree to comply with Tennessee accountancy rules.

Applicant is automatically subjected to the authority and jurisdiction of the Tennessee Board.

Firm Registration Requirements May Apply

Performance of services through mobility in Tennessee does not require the out-of-state firm to obtain a Tennessee firm permit, so long as the firm is properly licensed and in good standing in its principal jurisdiction.



texas

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Practice Privileges

General Requirement

Applicant must be a non-resident of Texas.

Applicant must hold a valid original certificate and license/permit in good standing as a Certified Public Accountant from a state that has been deemed substantially equivalent by the National Association of State Boards of Accountancy or individual must have substantially equivalent qualifications. Individual substantial equivalency evaluations are offered through NASBA's [CredentialNet](#) service.

If the firm establishes or maintains an office in Texas, or provides financial audit services to an entity that has its principal office in Texas, then the individual must practice through a CPA firm holding an active Texas firm license.

Audit services include: (a) a financial statement audit or other engagement that is to be performed in accordance with SAS, (b) an examination of prospective financial information that is to be performed in accordance with SSAE, and (c) an engagement that is to be performed in accordance with auditing standards of the PCAOB or its successor.

An individual or firm practicing in Texas without notice to the Texas Board is subject to the personal and subject matter jurisdiction of the Board; must comply with the Act and the Texas Board's rules; and is considered to have appointed the regulatory agency of the state that issued the individual's certificate or license as the agent on whom process may be served in any action by the Board against the individual.

Individuals wishing to temporarily practice in Texas, but not currently licensed in a substantially equivalent state or holding substantially equivalent individual qualifications must obtain a reciprocal license and firm permit.



utah

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must be a non-resident of Utah.

Applicant's principal place of business is not in this state; and

Applicant must hold a valid original certificate and license/permit in good standing as a Certified Public Accountant from a state, district, or territory of the US that has been deemed substantially equivalent to the UAA by the National Association of State Boards of Accountancy; OR

Applicant must have substantially equivalent individual qualifications. Individual substantial equivalency evaluations are offered through NASBA's CredentialNet service.

The person consents as a condition of the grant of this privilege:

To personal and subject matter jurisdiction and disciplinary authority of the Utah Board;

To comply with the Act and Rules of the Utah Board;

That in the event the license from the state of the person's principal place of business becomes invalid, the person shall cease offering or rendering professional services in Utah both individually and on behalf of the firm; and

To the appointment of the state board which issued the person's license as the person's agent upon whom process may be served in an action or proceeding brought by the Division against the licensee.

If Applicant does not qualify for the the Practice Privilege listed above, then Applicant must apply for a License by Endorsement. Refer to *Reciprocal Licensure* in the menu bar at the top of this page for additional information.

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vermont

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective July 1, 2009, Vermont now allows practice privileges. Practices privileges were created in H.86 during the 2009 legislative session. The details of H.86 are provided below.

Click here to view "[Mobility and How It Works for You!](#)" on the Vermont Board's web site.

A CPA whose principal place of business is outside of Vermont may temporarily provide services in Vermont *without providing notice or paying a fee* if the individual:

- Holds a valid active license in a [substantially equivalent](#) jurisdiction; OR
- Has substantially equivalent individual CPA qualifications. Individual substantial equivalency can be evaluated through NASBA's [CredentialNet](#) service.

Please Note: Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 shall be exempt from the 150 hours education requirement for practice privilege purposes.

CPAs who do not qualify for practices privileges must apply for a reciprocal license and firm license to practice in Vermont. Click [Reciprocal Licensure](#) above for additional information.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Vermont, and no notice or other submission shall be provided by the individual.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Vermont and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

- The personal and subject matter jurisdiction and disciplinary authority of this Board.
- Compliance with the provisions of the Vermont Accountancy Law and the rules and regulations adopted by the Board or governing the practice of the profession in Vermont.
- In the event the license from the state of the individual's principal place of business is no longer valid or is otherwise conditioned or restricted, the individual shall cease offering or rendering professional services in Vermont individually and on behalf of the CPA firm.
- The appointment of the board of accountancy or licensing authority which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.
- Performance of only those services within the scope of practice authorized by the state of the licensee's principal place of business.

Firm Registration Requirements May Apply

- An individual exercising practice privileges in Vermont or in the performance of the following services for any entity with its home office in Vermont must perform such services through a firm which has registered with the Vermont Board:
 - A financial statement audit or other engagement to be performed in accordance with SAS,
 - An examination of prospective financial information to be performed in accordance with SSAE, or
 - An engagement to be performed in accordance with the auditing standards of the PCAOB.
- An individual who qualifies for practice privileges and who performs services for which a firm registration is required shall not be required to obtain a Vermont license.

An out-of-state firm (those firms with no office in this state) may provide compilation services or review financial statements in accordance with SSARS for a client having its home office in Vermont and may use the title "CPA" or "CPA firm" without obtaining a Vermont firm registration if the firm:

- Meets firm ownership requirements for licensure in Vermont;
- Performs services through an individual with practice privileges in Vermont, and
- Complies with Vermont's peer review requirements.



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virgin islands

Practice Privilege / Mobility / Interstate Practice Requirements

Temporary Practice Permit

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Currently, practice privileges are not offered by the Virgin Islands Board of Accountancy. However, an out-of-state accountant may temporarily practice in the US Virgin Islands on professional business incidental to his/her regular practice. If work exceeds the incidental practice exception, then click *Reciprocal Licensure* above for requirements to obtain a reciprocal license in the Virgin Islands.

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virginia

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege/Licensing by Substantial Equivalency

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must hold a license in good standing in a state other than Virginia.

Practice Privilege via State Substantial Equivalency

A *non-resident of Virginia* shall be granted the privilege of practicing public accounting in Virginia if he holds a valid and unrestricted CPA certificate or license to practice public accounting in another state or foreign jurisdiction that is determined by the Virginia Board to have education, CPA exam and experience requirements to those provided in Virginia.

If the Applicant's CPA certificate is issued by a state that the Virginia State Board has determined to be substantially equivalent, then the CPA certificate issued by that state shall constitute evidence of the privilege to practice.

NOTE: The Virginia Board utilizes [NASBA's SE Chart](#) with the following caveats:

Individuals from a state with no asterisk are eligible for practice privileges;

Individuals from a state with one asterisk are eligible for practice privileges if the individual holds an active CPA license; and

Individuals from a state with two asterisks are not eligible for practice privileges based on the SE status of his state but must demonstrate to the Board that his individual qualifications are substantially equivalent.

Practice Privilege via Individual Substantial Equivalency

A *non-resident of Virginia* shall be granted the privilege of practicing public accounting in Virginia if he holds a valid and unrestricted CPA certificate or license to practice public accounting in another state or foreign jurisdiction and has individual education, CPA exam and experience requirements that are substantially equivalent to the current requirements for initial licensure in Virginia.

If the Applicant's CPA certificate is issued by a state that has not been deemed substantially equivalent by the Virginia State Board, then the CPA is not required to notify the Virginia Board of his intent to exercise practice privileges in Virginia but must be prepared to provide proof if requested by the Virginia State Board that he has personally satisfied the requirements listed above for substantial equivalency.

A CPA Certificate by Endorsement shall be obtained if the CPA exercising the privilege to practice under substantial equivalency moves his principal place of business to Virginia or ceases to have an office in any other state.

Firm Registration Requirements May Apply

A firm that is not required to obtain a Virginia license may provide attest services or compilation services to persons or entities located in Virginia if:

The firm's personnel working on the engagement either (i) hold a Virginia license or (ii) hold the license of another state and comply with the substantial equivalency requirements of Virginia; OR

The firm's personnel working on the engagement are under the supervision of a person who either (i) holds a Virginia license or (ii) holds the license of another state and complies with the substantial equivalency provisions of Virginia.

Click [Firm Registration](#) above for additional information and forms.

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 - Reciprocal Licensure
 - Practice Privilege
 - Firm Registration
 - Renewals/CPF
 - Relinquish A License
- My Account

washington

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Effective June 12, 2008, a CPA whose principal place of business is outside Washington shall have all the privileges of Washington CPAs without the need to obtain a license *if* the individual:

Holds a valid CPA license from a [substantially equivalent jurisdiction](#) OR

Has individual qualifications which are substantially equivalent to the following requirements:

Holds a valid CPA license from any US jurisdiction;

Has at least 150 semester hours of college or university education, including a baccalaureate or higher degree conferred by a college or university;

Achieves a passing grade on the Uniform CPA Exam; and

Possesses at least one year of experience including service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills, all of which was verified by a licensee.

Please Note: Any individual who passed the Uniform CPA Exam and holds a valid license issued by any other state prior to January 1, 2012, may be exempt from the 150 semester hour education requirement.

Click here to view the [Mobility page](#) of the Washington Board's web site.

A CPA who holds a license in a state that is not on the substantially equivalent jurisdiction list above may submit documentation of their individual substantially equivalent qualifications to the Washington Board of Accountancy or they may obtain an individual substantial equivalency evaluation from NASBA's [CredentialNet Service](#).

If a CPA wishes to use the Washington Board of Accountancy to verify his/her individual substantial equivalency qualifications, then he/she may submit documentation of valid license including expiration date, education (transcripts), CPA examination grades, and experience to the following address: Washington State Board of Accountancy, P.O. Box 9131, Olympia, WA 98507-9131.

Practice Privileges extend to professional services offered or rendered in Washington, whether in person or by mail, telephone, or electronic means, and no notice, fee, or other submission shall be provided by any such individual.

Consent to Jurisdiction

Any out of state CPA exercising these practice privileges and the firm that employs the CPA simultaneously consent, as a condition of exercising this privilege:

To the personal and subject matter jurisdiction and disciplinary authority of the Washington Board;

To comply with the law and Board rules;

That in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in Washington individually and on behalf of the firm; and

To the appointment of the state board which issued the certificate or license as their agent upon whom process may be served in any action or proceeding by the Washington Board against the certificate holder of licensee.

Firm Registration May Apply

An individual who qualifies for practice privileges may perform the following services for any entity with its home office in Washington *only* through a firm that has obtained a Washington license:

Any financial statement audit or other engagement to be performed in accordance with SAS;

Any examination of prospective financial information to be performed in accordance with SSAE; or

Any engagement to be performed in accordance with PCAOB auditing standards.

An out-of-state firm that is not performing services subject to SAS, SSAE or PCAOB standards may perform other professional services while using the title "CPA" or "CPA firm" in Washington without a firm license only if:

The firm performs such services through an individual granted practice privileges;

The firm can lawfully do so in the state where said individuals with practice privileges have their principal place of business; and

A firm performing compilation services or reviews of financial statements in accordance with SSARS meets the Washington Board's quality assurance program requirements.

west virginia

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privileges

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

General Requirement

Applicant must be a non-resident of West Virginia.

Applicant's principal place of business is not in this state; and

Applicant must hold a valid original certificate and license/permit in good standing as a Certified Public Accountant from a state, district, or territory of the US that has been deemed substantially equivalent to the UAA by the National Association of State Boards of Accountancy; OR

Applicant must have substantially equivalent individual qualifications. Individual substantial equivalency evaluations are offered through NASBA's [CredentialNet](#) service.

[View the West Virginia practice privilege/mobility web page.](#)

Any individual who qualifies for practice privileges before the first day of January 2012, and who passed the uniform CPA examination and holds a valid license issued by another state is exempt from the education requirement in the UAA.

By law, a CPA of another state exercising practice privileges in West Virginia and the CPA firm which employs the CPA consents, as a condition to the grant of this privilege, to the following:

the personal and subject matter jurisdiction and disciplinary authority of this Board.

compliance with the provisions of the West Virginia Accountancy Law and the rules and regulations adopted by the Board.

in the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in this state individually and on behalf of the CPA firm.

the appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this board against the licensee.

Firm Registration Requirements May Apply

Individual practitioners (CPAs who are not part of a firm) from other jurisdictions offering to perform any of the services below must first file for an Authorization to Perform Attest Services as an individual practitioner and provide documentation that he/she is enrolled in a Peer Review Program that conforms with applicable Rules:

An audit or other engagement to be performed in accordance with SAS;

An examination of prospective financial information to be performed in accordance with SSAE; or

An engagement to be performed in accordance with the auditing standards of the PCAOB.

An out-of-state firm (those firms with no office in this state) may provide a review of a financial statement performed in accordance with SSARS for a client having its home office in West Virginia and may use the title "CPA" or "CPA firm" without a firm permit if the firm:

Meets firm ownership requirements;

Is enrolled in a peer review program that conforms with applicable rules; and

Performs services through an individual with substantial equivalency practice privileges.

An out-of-state firm that does not perform attest services for a client having its home office in West Virginia may perform other professional services while using the title "CPA" or "CPA firm" without a firm permit if the firm:

Performs the services through an individual with substantial equivalency practice privileges and

May lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

In addition, out-of-state CPA firms are required to have both a Firm Permit and Authorization to Perform Attest Services *only* if they perform for a client whose home office is located in West Virginia:

An audit or other engagement performed in accordance with SAS;

An examination of prospective financial information to be performed in accordance with SSAE; or

An engagement to be performed in accordance with the auditing standards of the PCAOB.

NOTE: Individual practitioners, West Virginia accounting firms and out-of-state accounting firms that wish to perform attest or compilation services must complete the Authorization to Perform Attest or Compilation Services form and pay the additional fee.

Firm requirements may differ depending on the type of services performed. Additional information for individual and firm practice privilege requirements can be viewed at [the West Virginia practice privilege/mobility web page](#).



all

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Relinquish A License

My Account

wisconsin

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective April 11, 2006, a CPA that has a valid license to practice from a substantially equivalent state has practice privileges in Wisconsin. CPAs who meet this requirement do NOT need to register, complete any forms or pay a fee in order to have practice privileges in Wisconsin. By entering the state and practicing without a Wisconsin credential under the practice privileges statute, the CPA agrees to follow the Wisconsin statutes and rules and is subject to investigation and disciplinary action for a violation of Wisconsin statutes or rules in the same manner as a Wisconsin licensee.

This privilege is only available to CPAs who are not residents of Wisconsin or whose primary office is not in Wisconsin. Residents of Wisconsin or individuals whose primary office is in Wisconsin must obtain a Wisconsin CPA credential in order to practice in Wisconsin. CPAs holding a valid license from a state which is not included in the list of substantially equivalent states must apply for a Certificate by Endorsement.

Firm Registration Requirements May Apply

Wisconsin does not require the out-of-state firm to obtain a Wisconsin firm permit, so long as the individual is qualified to provide such services through mobility in Wisconsin and the out-of-state firm is validly licensed and in good standing in its home jurisdiction.

Click *Reciprocal Licensure* in the menu bar at the top of this page for additional information.

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NASBA

wyoming

Practice Privilege / Mobility / Interstate Practice Requirements

Practice Privilege

To view a complete list of procedures and forms for applying for the Practice Privilege / Mobility / Interstate Practice [click here](#).

Effective July 1, 2009, Wyoming will allow practice privileges. Practices privileges were created in HB0008 during the 2009 legislative session. The details of HB0008 are provided below.

Effective July 1, 2009, a CPA whose principal place of business is outside Wyoming shall have all the privileges of a Wyoming CPA without having to obtain a license, give notice or pay a fee if the individual:

Holds a valid active CPA license in the state which has been deemed substantially equivalent by NASBA; or

Has individual qualifications that have been deemed substantially equivalent by CredentialNet; or

Has the following individual qualifications:

Passed the Uniform CPA Exam prior to January 1, 2012;

Holds an active certificate in the state of the individual's principal place of business; and

Completed at least one year (2000 hours) of broad based experience (within five years of certificate date) involving accounting, attest, compilation, management advisory services, financial advisory services, tax or consulting services.

Wyoming does not require any submission to verify an out-of-state CPA's credentials for purposes of practice privileges. The CPA is responsible for reading the Wyoming laws and rules, as well as the Wyoming Board of Accountancy's web site information. A reciprocal certificate would only be required if an out-of-state CPA relocated to Wyoming.

Practice privileges extend to any individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, in Wyoming, and no notice or other submission shall be provided by the individual. An individual or firm using practice privileges and advertising professional services via a web site shall disclose the state of his principal place of business, his license or certificate number, an address, and a phone number where he may be contacted by the general public or regulators.

NOTE: A non-resident CPA who currently holds a Wyoming certificate and qualifies for practice privileges may (1) return the certificate to the Board and be noted as "mobility" status or (2) continue to maintain the certificate on active status.

Consent to Jurisdiction

A CPA of another state exercising practice privileges in Wyoming and the firm which employs the CPA consents, as a condition to the exercising of this privilege, to the following:

The personal and subject matter jurisdiction and disciplinary authority of this Board.

Compliance with the provisions of the Wyoming Accountancy Law and the rules and regulations adopted by the Board.

In the event the certificate from the state of the individual's principal place of business is no longer valid, the individual shall cease offering or rendering professional services in Wyoming individually and on behalf of the CPA firm.

The appointment of the board of accountancy which issued the individual or firm license as his agent upon whom process may be served in any action or proceeding by this Board against the licensee.

Firm Registration Requirements May Apply

The following services require the out-of-state firm to obtain a Wyoming firm permit.

Any audit or other engagement performed in accordance with the statements on auditing standards;

Any examination of prospective financial information to be performed in accordance with the statement on standards for attestation engagements; or

Any engagement to be performed in accordance with the auditing standards of the public company accountancy oversight board.

Also, firms performing compilations or reviews must be owned by at least 50% certificate holders in Wyoming or another jurisdiction, and must participate in a practice monitoring (peer review) program. If these requirements are not met, then the out-of-state firm must obtain a firm permit from Wyoming.

**DEPARTMENT OF CONSUMER AFFAIRS**

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**MSG Item VII.**

July 23, 2014

CBA Item XI.C.7.

July 24, 2014

**Overview and Discussion Regarding Survey of Other States’
Practice Privilege/Mobility Provisions to Obtain Information
Necessary for Reporting Under BPC Section 5096.21(d)**

Presented by: Matthew Stanley, Legislative and Regulatory Coordinator

Date: June 27, 2014

Purpose of the Item

The purpose of this agenda item is to present the Mobility Stakeholder Group (MSG) with the method, which was approved by the California Board of Accountancy (CBA) at its May 2014 meeting, by which staff will be collecting 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

No specific action is required on this agenda item.

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

At its May 2014 meeting, the CBA approved a methodology for answering the above questions. The CBA will be able to answer questions 2, 3, and 5 using existing sources.

Overview and Discussion Regarding Survey of Other States' Practice Privilege/Mobility Provisions to Obtain Information Necessary for Reporting Under BPC Section 5096.21(d)

Page 2 of 2

A survey of other state boards of accountancy will assist the CBA in determining the answers to questions 1 and 4.

Staff will be 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, which are also listed in the email, 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.

Staff provided the draft email to National Association of State Boards of Accountancy (NASBA) President and Chief Executive Officer, Ken Bishop for any suggestions he may have and to request NASBA's assistance in encouraging other boards to respond to the survey. 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. NASBA has communicated that it will work collaboratively with the CBA and assist in obtaining 100 percent compliance to the survey from the various boards of accountancy (**CBA and MSG Joint Meeting Agenda Item I**).

Prior to the MSG meeting, staff will be sending 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. The survey will then be distributed in August to the remaining state boards of accountancy.

Questions 5 through 7 in the survey described on the attachment are not related directly to the report to the Legislature; however, the answers provided to these questions will assist staff in providing the MSG with information it has requested. It is expected that the MSG will be able to review the responses to these questions at its November 2014 meeting.

Fiscal/Economic Impact Considerations

None.

Recommendation

None.

Attachment

Approved Communication to Other State Boards of Accountancy

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**Attachment****Approved 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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**MSG Item VIII.**

July 23, 2014

CBA Item XI.C.8.

July 24, 2014

**Discussion Regarding Stakeholder Objectives Pursuant to
 BPC Section 5096.21(e)**

Presented by: Matthew Stanley, Legislation and Regulation Coordinator

Date: June 24, 2014

Purpose of the Item

The purpose of this agenda item is to establish the stakeholder objectives pursuant to BPC section 5096.21(e) in order to provide a framework for future discussions for the Mobility Stakeholder Group (MSG).

Action(s) Needed

The MSG will be asked to identify and adopt stakeholder objectives.

Background

The MSG is charged with considering whether the provisions of California's practice privilege law (mobility law) "satisfy the objectives of stakeholders of the accounting profession in this state, including consumers." In order to undertake those considerations, the MSG must first establish what those objectives are.

Comments

The assumption is being made that many of the objectives of stakeholders were written into the law itself, such as having a practice privilege with no notice, and no fee. The MSG may wish to stipulate that such objectives, by being integral with the law itself, are being met in order to move to discussing other objectives. Likewise, the objective of "consumer protection" is going to be addressed separately as outlined in **MSG agenda item IV**.

Some objectives that may be stakeholder driven and that are already addressed within the law are identified below as examples.

- Ensure that it is possible for a practice privilege to be revoked.
- Ensure only licensed individuals may practice under a practice privilege.
- Ensure the information available to consumers on the California Board of Accountancy (CBA) website is at least equivalent to what it was under the prior practice privilege program.
- Ensure that out-of-state accounting firms are allowed to practice in California through a practice privilege holder.
- Ensure that when certain attest work is performed on California headquartered entities that they are done through an accounting firm registered with the CBA.

Discussion Regarding Stakeholder Objectives Pursuant to BPC Section 5096.21(e)

Page 2 of 2

This discussion is to afford MSG members the opportunity to create a list of stakeholder objectives separate from those that are in law and being met. Staff suggests that input be sought from each of the stakeholder groups represented on the MSG – consumers, the profession, and the CBA.

Fiscal/Economic Impact Considerations

There is no fiscal or economic impact as this item merely establishes a list of objectives to be pursued as agenda items for future meetings.

Recommendation

Staff recommend that the MSG provide an opportunity for each of the stakeholder groups to express their objectives and make a determination as to which will become a part of the MSG's list of stakeholder objectives.

Attachment

None.



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MSG Item IX.

July 23, 2014

CBA Item XI.C.9.

July 24, 2014

Discussion Regarding Proposed Agenda Items for the Next Meeting

Presented by: Matthew Stanley, Legislation and Regulation Coordinator

Date: July 2, 2014

Purpose of the Item

The purpose of this item is to establish the items that will be included on the next agenda for the Mobility Stakeholder Group (MSG).

Action(s) Needed

The MSG will be asked to identify topics it wishes to discuss at its November 2014 meeting.

Background

As the MSG is intended to be representative of "stakeholders of the accounting profession in this state, including consumers," it may wish to set its future agenda during its meetings in order that all public input may be considered when deciding how best to proceed.

Comments

The following topics are being proposed for consideration when determining the agenda for the next MSG meeting:

- A review of the answers to the survey of other state boards of accountancy
- An in-depth review of a consumer protection provision(s) in the mobility law
- Discussion on a specific Stakeholder Objective(s)
- A review of Licensing and Enforcement Division statistics for mobility

The MSG may wish to accept, alter, or add to these suggestions based on the direction in which it wishes to proceed.

Fiscal/Economic Impact Considerations

There is no fiscal or economic impact as this item merely establishes the agenda items for the next meeting.

Recommendation

None.

Attachment

None.



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

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
May 29-30, 2014
CBA MEETING

DRAFT

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
 Fax: (310) 410-6250

Roll Call and Call to Order.

CBA President Michael Savoy called the meeting to order at 1:01 p.m. on Thursday, May 29, 2014 at the Hilton Los Angeles Airport. The meeting convened into closed session at 4:00 p.m. and recessed at 4:27p.m. President Savoy reconvened the meeting at 9:00 a.m. on Friday, May 30, 2014 and convened into closed session from 11:30 a.m. to 11:38 a.m. The open meeting reconvened from 11:40 a.m. to 12:02 pm and reconvened into closed session at 12:07 pm. The meeting adjourned following closed session at 12:20 p.m.

CBA Members

May 29, 2014

| | |
|--------------------------------------|------------------------|
| Michael Savoy, President | 1:01 p.m. to 4:27 p.m. |
| Jose Campos, Vice President | 1:01 p.m. to 4:27 p.m. |
| Katrina Salazar, Secretary-Treasurer | Absent |
| Sarah (Sally) Anderson | Absent |
| Diana Bell | 1:01 p.m. to 4:27 p.m. |
| Alicia Berhow | 1:01 p.m. to 4:27 p.m. |
| Herschel Elkins | Absent |
| Laurence (Larry) Kaplan | 1:01 p.m. to 4:27 p.m. |
| Louise Kirkbride | Absent |
| Kay Ko | 1:40 p.m. to 4:27 p.m. |
| Leslie LaManna | 1:01 p.m. to 4:27 p.m. |
| K.T. Leung | 2:00 p.m. to 4:27 p.m. |
| Manuel Ramirez | Absent |

Mark Silverman

1:01 p.m. to 4:27 p.m.

CBA Members

May 30, 2014

| | |
|--------------------------------------|-------------------------|
| Michael Savoy, President | 9:00 a.m. to 12:20 p.m. |
| Jose Campos, Vice President | 9:00 a.m. to 12:20 p.m. |
| Katrina Salazar, Secretary-Treasurer | Absent |
| Sarah (Sally) Anderson | Absent |
| Diana Bell | 9:00 a.m. to 11:38 a.m. |
| Alicia Berhow | 9:00 a.m. to 12:20 p.m. |
| Herschel Elkins | Absent |
| Laurence (Larry) Kaplan | 9:00 a.m. to 12:20 p.m. |
| Louise Kirkbride | Absent |
| Kay Ko | 9:00 a.m. to 12:20 p.m. |
| Leslie LaManna | 9:00 a.m. to 12:20 p.m. |
| K.T. Leung | 9:00 a.m. to 12:20 p.m. |
| Manuel Ramirez | Absent |
| Mark Silverman | 9:00 a.m. to 12:20 p.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 Manager
Nicholas Ng, Administration Manager
Corey Riordan, Board Relations Analyst
Kristy Schiedge, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Regulation and Legislation Coordinator

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)
Sherry McCoy, Vice-Chair, PROC
Robert Ruehl, Vice-Chair, Qualifications Committee (QC)

Other Participants

Jessica Alderson, Petitioner
Richard Gensely Boyer, Petitioner
Humberto Flores, Administrative Law Judge

Jason Fox, California Society of Certified Public Accountants (CalCPA)
Lori Odell Kennedy, Kennedy Court Reporters
Pilar Oñate-Quintana, KP Public Affairs
Hal Schultz, CalCPA
Erick Lloyd Tigard, Petitioner

I. Report of the President.

A. Educational Presentation on Sunset Review Process.

Mr. Stanley provided an overview of the Sunset Review Process.

B. DCA Director's Report.

1. Update on BreEZe.

There was no report on this item.

C. Discussion Regarding Start Times for CBA and Committee Meetings.

Mr. Savoy provided an overview of this item.

Mr. Campos suggested a more aggressive start time schedule for the CBA meeting which would provide the opportunity for the CBA to begin before the lunch hour.

Mr. Kaplan suggested starting the committee meetings later or holding the meeting through the lunch hour.

Mr. Savoy stated that the agenda schedule can be adjusted, at the CBA President's discretion. He suggested that should committee meetings end early, the CBA could convene into closed session to fill the gap, with minimal disruption to the public and staff. He further stated that staff will explore the CBAs ideas at the next two day meeting in September.

D. Report on April 28, 2014 Legislative Visits.

Mr. Savoy provided an overview of this item. He stated that Ms. Bowers and he attended the CalCPA Governmental Relations Committee Meeting. Mr. Savoy further stated that Ms. Bowers, Mr. Campos, Mr. Stanley and he visited the offices of several assembly members, including Assembly Members Gato, Gordon, Jones, Olsen and Dickinson, and Senator Block, to discuss consumer protection, fingerprinting, peer review and mobility. He also stated that they discussed the CBA's opposition on AB 2058. Lastly, he stated they requested support for the CBA's upcoming Sunset Review.

II. Report of the Vice President.

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

It was moved by Ms. Bell, seconded by Ms. LaManna and unanimously carried by those present to reappoint Mr. Rosenbaum to the EAC for a two-year term effective June 1, 2014.

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

It was moved by Ms. Berhow, seconded by Mr. Leung and unanimously carried by those present to appoint Ms. Raissian and Ms. Sugiyama to the QC for two-year terms effective May 29, 2014.

It was moved by Ms. LaManna, seconded by Ms. Bell and unanimously carried by those present to reappoint Ms. Moore-Hudnall to a two-year term effective June 1, 2014.

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

It was moved by Ms. Berhow, seconded by Mr. Savoy and unanimously carried by those present to appoint Ms. Lee as Chair of the PROC effective May 30, 2014 through December 31, 2015.

III. Report of the Secretary/Treasurer.

- A. Fiscal Year 2013–2014 Third Quarter Financial Statement.

Mr. Ng provided an overview of this item. Mr. Ng stated that the Fiscal Year (FY) 2014-2015 budget currently stands at \$13.4 million. He stated that the final FY 2014-2015 budget will include at least one change due to an across-the-board two percent raise for state employees. He stated that all loans to the General Fund are expected to be repaid by FY 2017-2018. Mr. Ng stated that staff have directed the Department of Consumer Affairs to place \$350,000 of the FY 2013-2014 budget reserves into an Architectural Revolving Fund to be used for the pending move to the new office facility. Mr. Ng further stated that expenditures are expected to continue to outpace revenues with a projected decrease of the Reserve to \$14.8 million by the end of FY 2013-2014.

Mr. Savoy inquired if the CBA was able to permanently reduce fees rather than continuing to temporarily reduce fees in two-year increments.

Mr. Ng stated that due to the unknown expenditures, fees are generally reduced temporarily.

B. Discussion of Governor's Budget.

There was no report on this item.

C. Overview of CBA Budget Process, Review of Fee Reduction and Impact on CBA Budget.

Mr. Ng noted that most of the changes to the CBA's budget occur outside of the CBA's control. He noted that the direct changes that can occur are done so through submitting requests through the budget change proposal process and request for budget augmentations via equipment and out-of-state travel requests. Mr. Ng also noted several ways that staff monitor the CBA's spending to ensure it does not go over the budget limits. Lastly, Mr. Ng discussed various fiscal issues and future concerns; notably that with the temporary fee reductions the CBA will experience a negative cash flow. He noted that assumptions of automatic or scheduled loan repayments to cover prolonged periods of negative cash flow could come with significant risks.

IV. Report of the Enforcement Advisory Committee, Qualifications Committee and Peer Review Oversight Committee.

A. Enforcement Advisory Committee (EAC).

1. Report of the May 1, 2014 EAC Meeting.

Ms. Gerhardt reported that the EAC reviewed 34 closed files, one restated financial statement and held six investigative hearings.

B. Qualifications Committee (QC).

1. Report of the April 23, 2014 QC Meeting.

Mr. Ruehl reported that the QC held a New Member Orientation for three newly appointed members. He stated that five interviews, two personal appearances and three section 69 reviews were conducted. Mr. Ruehl stated that the QC approved one personal appearance and two Section 69 reviews and deferred the remaining cases. Lastly, Mr. Ruehl stated that the QC performed an internal audit on 99 approved files and concurred with staff's assessment.

C. Peer Review Oversight Committee (PROC).

1. Report on the May 2, 2014 PROC Meeting.

Ms. McCoy reported that the PROC had two guests, Marsha Hein, a technical reviewer for the CalCPA and Janice Gray, Chair of the National Association of State Boards of Accountancy (NASBA)

Compliance Assurance Committee. Ms. McCoy stated that Mr. Sadat, PROC member and a member of CBA staff will be evaluating the compilation and review area of the NASBA Exposure Draft and its impact on peer review in California. Ms. McCoy further stated that the PROC reviewed the report of the CalCPA Acceptance Body Activities and two reports on oversight of CalCPA that did not result in any findings or concerns. Ms. McCoy reported that Mr. Ixta provided an overview of an Employee Retirement Income Security Act audit issue and the new Committee Member Resource Guide.

V. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA's Principal Office.

Ms. Bowers reported that the CBA has received approval from Department of Finance regarding the planned move and the next step is to advertise for bids. She stated that once bids are received staff will have the opportunity perform site visits and narrow the search to two or three locations. Ms. Bowers further stated that Department of General Services will make the final decision on a new location.

B. Update on Staffing.

Ms. Bowers provided an overview of this item. She stated that a staff organization chart is located in the For Your Information tab of the meeting materials. Ms. Bowers highlighted that many of the 31 vacant positions are related to the newly established positions, which includes the new CORI investigations unit. Ms. Bowers stated that Vincent Johnston will manage the CORI unit and congratulated him on the promotion.

C. Update on the CBA 2013–2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

VI. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Mr. Franzella provided an overview of this item. He stated that the Initial Licensing Unit and Renewal Unit have experienced an increased volume in stakeholder contact, which is a result of the new educational requirements and fingerprinting. Mr. Franzella noted that the Uniform CPA Examination (CPA Exam) application processing timeframe is at 18 days for first-time applicants and 10 days for repeat applicants. He stated that the report includes the most recent CPA Exam Performance results from the NASBA and highlighted that California continues to have the

largest number of candidates. Mr. Franzella stated that the timeframe for processing licensure applications is currently averaging 25 days for individuals and 12 days for accounting firms.

VII. Report of the Enforcement Chief.

A. Report on Enforcement Division Activity.

Mr. Ixta provided an overview of this item. He stated that the Enforcement Division has received 2,845 complaints in FY 2013-2014. He noted that 746 investigations are pending, with 10 pending over 24 months. Mr. Ixta reported that 33 cases with the Attorney General's Office (AG) have been closed resulting in 70 cases still pending. Mr. Ixta stated that fine amounts vary from \$100 to \$5,000 which is determined on a case-by-case basis and includes factors such as aggravating or mitigating circumstances and the length of time the violation existed. Mr. Ixta further noted that since the last report, 172 licensees have reported their peer review information and currently 665 licensees still need to report.

VIII. Committee/Group Reports.

A. Legislative Committee (LC).

1. Report of the May 29, 2014 LC Meeting.
2. Update on Legislation on Which the CBA Has Taken a Position (AB 186, AB 1702, AB 2058, AB 2147, AB 2165, AB 2507, and SB 176).

Mr. Stanley reported that the author of AB 186 has agreed to accept the CBA's requested amendment to include that the licensee must have a current, active, and unrestricted license in their jurisdiction. Given the author's agreement to amend the bill, staff recommends the CBA change its position to support.

It was moved by Ms. LaManna, seconded by Ms. Bell and unanimously carried by those present to adopt a "Support" position on AB 186, once the author amends the bill to include that the licensee has a current, active, and unrestricted license in their jurisdiction.

Mr. Kaplan reported that the LC recommends that the CBA maintain its current position on AB 1702, AB 2058 and SB 176 and discontinue the following of AB 2147, AB 2165 and AB 2507, as these bills failed to meet deadlines and are now dead.

It was moved by Mr. Campos, seconded by Mr. Leung and unanimously carried by those present to accept the LC's

recommendation to discontinue following AB 2147, AB 2165 and AB 2507.

3. Consideration of Positions on Newly Introduced Legislation.

a. AB 2396 – Convictions: expungement: licenses

Mr. Kaplan reported that the LC recommends that the CBA take an Oppose position on AB 2396, as this proposal would prohibit a DCA board from denying a license based solely on a dismissed conviction.

Mr. Campos disagreed with the LC's recommended position, as he agreed with the bill's language, stating that a license denial could not be solely based on a dismissed conviction.

It was moved by Ms. Berhow, seconded by Ms. Bell and carried by those present to accept the LC's recommendation to adopt an "Oppose" position on AB 2396. Mr. Campos voted against the LC's recommendation.

b. AB 2415 – Property tax agents

Mr. Kaplan reported that the LC recommends that the CBA take an oppose unless amended position on AB 2415. He stated that staff informed the LC that they have been in contact with the author's office and the author is not currently willing to exclude anyone from the bill.

It was moved by Ms. Bell, seconded by Ms. LaManna to accept the LC's recommendation to adopt an "Oppose unless amended position" to exclude CPAs and clearly state that the state law will supersede any local laws on this issue on AB 2415.

Mr. Fox stated that CalCPA currently opposes the bill, as language is broadly written and the registration would include services within the scope of CPAs, thus the bill would be duplicative, unnecessary and an intrusion on the CBA as the regulatory agency of CPAs.

Mr. Savoy stated that the CBA has attempted to meet with the author and was unable to do so before taking action.

After CBA member and public comment the motion was unanimously carried by those present.

c. AB 2720 – State agencies: meetings: record of action taken

Mr. Kaplan reported that AB 2720 would require stat bodies to publically report any action take and the vote of each member present. He stated that the LC recommends that the CBA adopt a support position, as the bill would not impact how the CBA currently does business and it would increase transparency throughout state government.

It was moved by Ms. Berhow, seconded by Mr. Leung and unanimously carried by those present to accept the LC's recommendation to adopt a "Support" position on AB 2720.

- d. SB 1091 – California Regulatory Notice Register: proposed rulemaking activities

This item was not discussed as Mr. Kaplan indicated that the bill had not passed out of the Appropriations Committee before the Legislative deadline.

- e. SB 1159 – License applicants: federal tax identification number

Mr. Kaplan reported that the LC recommends that the CBA watch SB 1159 and expressed concern at potential conflict with federal law.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the LC's recommendation to adopt a "Watch" position and instruct staff to express concerns that the bill conflicts with federal law.

- f. SB 1258 – Controlled substances: prescriptions

This item was not discussed as Mr. Kaplan indicated that the bill had not passed out of the Appropriations Committee before the Legislative deadline.

- g. SB 1467 – Professions and vocations (Omnibus bill)

Mr. Kaplan reported that SB 1467 is the omnibus bill and includes four provisions requested by the CBA; collecting email addresses, allowing experience in academia, putting a 30 day time frame on a practice privilege holder to report criminal charges and correcting a drafting error in the practice privilege law.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the LC's

recommendation to adopt a “Support” position on SB 1467.

4. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice.

There was no report on this item.

B. Committee on Professional Conduct (CPC).

1. Report of the May 29, 2014 CPC Meeting.
2. Discussion Regarding Possible New Issues for Inclusion in the Sunset Review Report.

Mr. Campos provided an overview of this item. He stated that the CPC agreed with staff’s recommendation to include registration of sole proprietorships and the accountancy fund reserve following loan repayments as new issues in the Sunset Review. He further stated that the CPC recommended including a topic regarding increasing the CBA’s participation nationally with organizations, such as NASBA.

It was moved by Mr. Silverman, seconded by Ms. LaManna and unanimously carried by those present to accept the CPC’s recommendation to include the following issues in the Sunset Review:

- **Registration of sole proprietorships**
- **Accountancy fund reserve following loan repayments**
- **Increasing CBA’s participation nationally with various national organizations**

3. Overview of Methodology for Collecting Practice Privilege Data from Other State Boards of Accountancy Required for the Report Required by Business and Professions Code Section 5096.21(d).

Mr. Campos provided an overview of this item. Mr. Campos stated that the CBA is required by the new practice privilege provisions, to prepare a report to the Legislature. To assist the CBA in preparing the report, staff have proposed a survey of other state boards of accountancy. Mr. Campos further stated that the last three questions of the survey are not relevant to the report to the Legislature, but will provide the MSG with information it has requested.

It was moved by Mr. Silverman, seconded by Ms. Berhow and unanimously carried by those present to accept staff’s proposal while obtaining input from stakeholders during the process.

4. Discussion Regarding Conducting a Study on California’s Attest

Experience Requirement.

Mr. Campos provided an overview of this item. He stated the staff provided a preliminary plan for working with a consultant to gather information on California's attest experience requirement.

Mr. Campos stated that staff recommended including new licensees, hiring managers, applicants for licensure and consumers in the study. He further reported that the CPC suggested including individuals who sign experience forms in the study. Mr. Campos noted that the staff have allotted three meetings for the consultant and the CPC to discuss options and methodologies for conducting the study and that the consultant will provide a final report no later than January 2015.

It was moved by Ms. Berhow, seconded by Ms. Bell and unanimously carried by those present to accept the CPC's recommendation to approve the plan proposed by staff, include those who sign experience forms to the survey, and grant approval for appointing a two-person subcommittee to serve in an advisory capacity to the consultant.

5. Discussion and Possible Action to Recommend Changes to CBA Regulations Sections 12, 12.5, and 37 – Regarding Continuing Education Required for Initial Licensure.

Mr. Campos provided an overview of this item. He stated that the regulatory proposal would specify that an applicant with experience five or more years old, who has not passed the CPA Exam in the last five years, must complete 80 hours of continuing education (CE), in the two year preceding approval of the application. Mr. Campos noted that the current regulation states that the applicant is required to complete 80 hours of CE in the two years prior to receipt of application. Mr. Campos stated that the change would allow the CBA to notify the applicant of required CE while still allowing time for the applicant to complete it.

It was moved by Mr. Silverman, seconded by Mr. Leung and unanimously carried by those present to approve the language and direct staff to initiate the rulemaking process.

6. Discussion and Possible Action to Recommend Initiation of Rulemaking to Implement Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Campos provided an overview of this agenda item. He stated that this year's omnibus bill, SB 1467, contains the CBA's language to allow experience in academia to qualify for licensure. Mr. Campos

stated that once legislation is passed, it will need to be implemented through regulation. He noted that the proposal would specify the following:

- The 48 semester units, or the equivalent, in academia would qualify as one year of general experience.
- The applicant must have been an instructor, at an accredited institution, for a course in a subject listed in CBA Regulations section 9.2(b).
- Allows experience in academia to be combined with other general experience at a ratio of 4 semester units, or the equivalent, to one month of general experience. However, the total experience cannot be obtained in less than 12 months.
- If the experience is obtained 5 or more years ago and the applicant has not passed the CPA Exam in the prior five years, the applicant will need to complete 80 hours of CE prior to licensure.
- Creates a form on which the dean, head or chair of the applicant's department will verify the qualifying experience.

Lastly, Mr. Campos stated that staff recommended that the Social Security Number requirement be removed to ease its passage through the regulatory process.

It was moved by Ms. Berhow, seconded by Mr. Silverman and unanimously carried by those present to approve the language, with the removal of the social security number, direct staff to make any technical changes, and initiate the rulemaking process upon passage of SB 1467.

C. Enforcement Program Oversight Committee (EPOC).

1. Report of the May 29, 2014 EPOC Meeting.
2. Discussion of Mandatory Suspensions in the CBA Disciplinary Guidelines and Model Orders.

Ms. Berhow provided an overview of this item. She stated that the guidelines contain minimum discipline that is discretionary or statutorily mandated depending on the code section violated.

Ms. Berhow further noted that the CBA or an Administrative Law Judge may deviate from the guidelines whenever there are

aggravating or mitigating circumstances related to the violation.

It was moved by Mr. Campos, seconded by Ms. Bell and unanimously carried by those present to accept the staff's recommendation of no changes to the Disciplinary Guidelines.

D. Mobility Stakeholder Group.

There was no report on this item.

IX. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 98 – Disciplinary Guidelines and Models Orders 9th Edition, 2013.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the Board's requirements pertaining to disciplinary guidelines.

On behalf of the Board and its staff, I'd like to welcome you. My name is Matthew Stanley and I serve as the Board's Regulation Coordinator. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, 5018 and 5116 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is May 30, 2014 and the time is approximately 9:02 a.m. Our hearing is being held at Hilton Los Angeles Airport, 5711 West Century Blvd., Los Angeles, California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received

up until 5:00 p.m., May 5, 2014. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly when the Board makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 9:05 a.m.

B. Discussion and Possible Action to Adopt or Amend CBA Regulation Section 98 – Disciplinary Guidelines and Model Orders.

Mr. Stanley stated that the proposed regulatory change will 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 consistent and appropriate enforcement of the laws under the CBA's jurisdiction.

It was moved by Mr. Silverman, seconded by Ms. Ko and

unanimously carried by those present to 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.

C. Regulation Hearing Regarding Title 16, CCR Section 19 – Practice Privilege Notification of Pending Criminal Charges.

Mr. Stanley read the following statement regarding the regulation hearing into record:

This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider adopting regulations to specify and clarify the Board's requirements pertaining to practice privilege notification of pending criminal charges.

On behalf of the Board and its staff, I'd like to welcome you. My name is Matthew Stanley and I serve as the Board's Regulation Coordinator. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, and 5096.9 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is May 30, 2014 and the time is approximately 9:08 a.m. Our hearing is being held at Hilton Los Angeles Airport, 5711 West Century Blvd., Los Angeles, California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received up until 5:00 p.m., May 26, 2014. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer. If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly when the Board makes its final determination of its response to your comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 9:11 a.m.

- D. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, CCR Section 19 – Practice Privilege Notification of Pending Criminal Charges.

Mr. Stanley stated that the proposed regulatory change will incorporate, by reference in the practice privilege regulations, a practice privilege notification of pending criminal charges form.

It was moved by Mr. Silverman, seconded by Ms. Bell and unanimously carried by those present to 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 regulation as described in the modified text notice.

X. Petition Hearings.

A. Richard Gensely Boyer – Petition for Termination of Probation.

The CBA heard Mr. Boyer's petition for termination of probation.

B. Erick Llyod Tigard – Petition for Reinstatement of Revoked Certificate.

The CBA heard Mr. Tigard's petition for reinstatement of revoked certificate.

C. Jessica Alderson – Petition for Termination of Probation.

The CBA heard Ms. Alderson's petition for termination of probation.

XI. Acceptance of Minutes

A. Draft Minutes of the March 20-21, 2014 CBA Meeting.

It was moved by Mr. Campos, seconded by Ms. Bell and carried by those present to accept the draft minutes of the March 20-21, 2014 CBA meeting, with the amendment of "will convene" to "convened" on page 19545, section 12. Ms. LaManna abstained.

B. Minutes of the March 20, 2014 CPC Meeting.

C. Minutes of the March 20, 2014 EPOC Meeting.

D. Minutes of the March 20, 2014 LC Meeting.

E. Minutes of the January 30, 2014 EAC Meeting.

F. Minutes of the January 31, 2014 PROC Meeting.

G. Minutes of the January 22, 2014 QC Meeting.

It was moved by Mr. Campos, seconded by Ms. Berhow and carried by those present to accept the minutes of agenda items XI.B – XI.G. Ms. LaManna abstained.

XII. 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.

There was no report on this item.

C. Nominations for NASBA Board of Directors.

It was moved by Ms. Berhow, seconded by Mr. Campos and unanimously carried by those present to direct staff to prepare a letter recommending Ms. Mickelson for the NASBA Director-at-Large position and delegate approval of the final language to the CBA President.

XIII. Closing Business.

A. Public Comments.

There were no comments.

B. Agenda Items for Future CBA Meetings.

Mr. Kaplan requested that staff explore issues related to discipline cases regarding moral or private issues and provide context and background.

Ms. LaManna suggested the exploration of compelling psychiatric evaluations when it is affecting competency.

C. Press Release Focus.

Ms. Pearce suggested the new committee appointments and current recruitment of committee vacancies as the topic for the Press Release Focus.

XIV. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened 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 12:20 p.m. on Friday,
May 30, 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.

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
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CPC Item I.
 July 24, 2014

CBA Item XII.B.
 July 24, 2014

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

MINUTES OF THE
May 29, 2014
COMMITTEE ON PROFESSIONAL CONDUCT MEETING

DRAFT

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000

CALL TO ORDER

Jose Campos, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 9:56 a.m. Mr. Campos requested that the role be called.

Members

| | |
|------------------------|---------|
| Jose Campos, Chair | Present |
| Sarah (Sally) Anderson | Absent |
| Larry Kaplan | Present |
| Leslie LaManna | Present |
| K.T. Leung | Present |
| Katrina Salazar | Absent |
| Mark Silverman | Present |

CBA Members Observing

Diana Bell
 Alicia Berhow
 Michael Savoy

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Dominic Franzella, Chief, Licensing Division
 Rafael Ixta, Chief, Enforcement Division

Vince Johnston, Enforcement Manager
Nick Ng, Administration Manager
Corey Riordan, Board Relations Analyst
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Legislation and Regulation Coordinator

Other Participants

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Jason Fox, California Society of CPAs (CalCPA)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee
Shawn Kelley, DePasquale, Kelley & Company – Property Tax Consultants
Sherry McCoy, Vice-Chair, PROC
Pilar Onate-Quintana, KP Public Affairs
Hal Schultz, CalCPA

I. Approve Minutes of the March 20, 2014 CPC Meeting

It was moved by Mr. Silverman, seconded by Mr. Leung and carried unanimously to approve the minutes of the March 20, 2014 CPC meeting, Ms. LaManna abstained.

II. Discussion Regarding Possible New Issues for Inclusion in the Sunset Review Report

Mr. Stanley stated that the CBA is in the process of preparing its Sunset Review Report for the Legislature. One of the sections of the report is for the CBA to identify New Issues the CBA will be facing in the next four years.

Mr. Stanley presented two issues for possible inclusion in this section. The first would be to consider registering sole proprietorships in order to better target peer review information and requests to firms. He stated that this issue would be discussed in broad terms to allow the CBA time to discuss how such a program would be implemented.

Mr. Stanley discussed a second issue regarding loans made to the General Fund. It is anticipated that these loans will be repaid over the next few years leading to an influx of almost \$40 million. He stated that this will be a major issue during the next four years of the sunset review cycle. Because the timing and amounts of the repayments are unknown, he suggested that the issue be framed in broad terms to allow the CBA flexibility in handling the increased reserves when the time comes.

Ms. LaManna suggested that when the CBA discusses the loans made to the General Fund at a later time, it may want to examine spending money on improving its technology and IT related issues.

Mr. Campos suggested a third topic for inclusion, the issue of the CBA's participation at a national level in accountancy issues, particularly through participation in NASBA and its committees.

It was moved by Mr. Silverman, seconded by Mr. Leung, and carried unanimously to recommend that the CBA direct staff to include all three of these issues as New Issues in the Sunset Review Report.

III. 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)

Mr. Stanley proposed a survey of other state boards of accountancy to assist with answering questions for the practice privilege report due to the Legislature in 2015. He also proposed an email communication would be sent out with a link to the survey. The survey answers would help the CBA make a statutorily required determination as to whether allowing a particular state's licensees to practice under mobility violates the CBA's duty to protect the public. He also indicated that staff would work with NASBA President and CEO, Ken Bishop, to request NASBA's assistance in garnering full participation in the survey.

Ms. Onate-Quintana brought to the CPC's attention that there were timing concerns as stakeholders are working on the national enforcement standards. She stated that it is anticipated that those will be finalized in the fall.

Mr. Campos stated that the process as described by staff appeared to take an iterative approach, and input from various stakeholders should be sought along the way.

It was moved by Mr. Silverman, seconded by Ms. LaManna, and carried unanimously to recommend that the CBA approve moving forward with staff's proposal obtaining input from stakeholders along the way.

IV. Discussion Regarding Conducting a Study on California's Attest Experience Requirement

Mr. Franzella presented a preliminary plan for working with the consultant on gathering information on California's attest experience requirement, including a basic framework for the scope of the survey from which the CPC and the consultant can proceed.

Mr. Franzella suggested that the survey seek responses from new licensees, hiring managers, applicants for licensure, and consumers.

Mr. Franzella recommended three meetings between the CPC and the consultants to develop a plan for the survey with a final report due in January 2015. This timeline could be accelerated if the work is completed earlier. The length of time needed to complete the actual survey will depend on the recommendations made in the consultant's report.

Mr. Franzella recommended a 2-person subcommittee be appointed to work in an advisory capacity with the consultant.

Mr. Campos suggested adding those who sign the experience verification forms to the list of groups that will be surveyed.

It was moved by Mr. Silverman, seconded by Mr. Leung, and carried unanimously to recommend that the CBA approve the plan proposed by staff including adding those who sign experience forms to the survey, and grant approval for appointing a 2-person subcommittee to work with the consultant in an advisory capacity.

V. Discussion and Possible Action to Recommend Changes to CBA Regulations Sections 12, 12.5, and 37 - Regarding Continuing Education Required for Initial Licensure

Mr. Stanley explained that newly effective changes to CBA Regulations sections 12, 12.5, and 37 specify that an applicant with experience five or more years old who has not passed the CPA Exam in the last 5 years need to complete 80 CE hours in the two years before applying for licensure. He clarified that this is not always possible as many applicants are unaware of this provision until after they have applied.

He stated that this proposal would change the requirement from completing the CE in the two years before application to the two year before approval of the application. This would allow staff to notify the applicant of the deficiency and give the applicant time to complete the CE prior to licensure.

It was moved by Ms. LaManna, seconded by Mr. Silverman, and carried unanimously to recommend that the CBA approve the proposed language and direct staff to initiate the rulemaking process. Mr. Kaplan was temporarily absent.

VI. Discussion and Possible Action to Recommend Initiation of a Rulemaking to Implement Experience in Academia as Qualifying Experience for CPA Licensure

Mr. Stanley stated that SB 1467 contains the CBA's language to allow experience in academia to be qualifying for licensure. Once the legislation is passed, it will need to be implemented through regulation.

He stated that the proposed language would specify that 48 semester units, or the equivalent, in academia would qualify as one year of general experience. The applicant must have been an instructor, at an accredited institution, for a course in a subject listed in CBA Regulations section 9.2(b).

He continued by stating that the proposal allows experience in academia to be combined with other general experience at a ratio of 4 semester units, or the equivalent, to one month of general experience. However, the total experience cannot be obtained in less than 12 months.

He informed the CPC that if the experience is obtained 5 or more years ago and the applicant has not passed the CPA Exam in the prior five years, the applicant will need to complete 80 hours of CE prior to licensure.

He concluded by stating that the proposal creates a form on which the dean, head or chair of the applicant's department will verify the qualifying experience. He recommended that the Social Security Number requirement on the form be removed to ease its passage through the regulatory process.

It was moved by Mr. Campos, seconded by Ms. LaManna, and carried unanimously to recommend that the CBA approve the language with the suggested change, authorize staff to make any further technical changes and direct staff to initiate the rulemaking process once SB 1467 is signed into law.

VII. Public Comments

No Public Comments were received.

VIII. Agenda Items for Next Meeting

No agenda items were identified.

There being no further business, the meeting was adjourned at 10:36 a.m.

**DEPARTMENT OF CONSUMER AFFAIRS**

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LC Item I.
 July 24, 2014

CBA Item XII.C.
 July 24, 2014

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

MINUTES OF THE
May 29, 2014
LEGISLATIVE COMMITTEE MEETING

DRAFT

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000

CALL TO ORDER

Larry Kaplan, Chair, called the meeting of the Legislative Committee (LC) to order at 9:02 a.m. Mr. Kaplan requested that the role be called. Due to a lack of a quorum, CBA President Michael Savoy temporarily appointed himself to the LC in place of Manuel Ramirez.

Members

| | |
|------------------------|---------|
| Larry Kaplan, Chair | Present |
| Sarah (Sally) Anderson | Absent |
| Diana Bell | Present |
| Alicia Berhow | Present |
| Leslie LaManna | Present |
| Katrina Salazar | Absent |
| Michael Savoy | Present |

CBA Members Observing

Jose Campos
 Mark Silverman

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Dominic Franzella, Chief, Licensing Division

Rafael Ixta, Chief, Enforcement Division
Vince Johnston, Enforcement Manager
Nick Ng, Administration Manager
Corey Riordan, Board Relations Analyst
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs
Matthew Stanley, Legislation and Regulation Coordinator

Other Participants

Jason Fox, California Society of CPAs (CalCPA)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee
Shawn Kelley, DePasquale, Kelley & Company – Property Tax Consultants
Sherry McCoy, Vice-Chair, Peer Review Oversight Committee
Pilar Onate-Quintana, KP Public Affairs
Hal Schultz, CalCPA

I. Approve Minutes of the March 20, 2014 LC Meeting

It was moved by Ms. Berhow, seconded by Ms. LaManna and carried unanimously to approve the minutes of the March 20, 2014 LC meeting. Ms. Bell was temporarily absent.

II. Update on Legislation on Which the CBA Has Taken a Position

Mr. Stanley recommended that the LC not change positions on AB 186, AB 1702, AB 2058, and SB 176 as they had not been amended in a way that changes the effect on the CBA.

He explained that AB 2147, AB 2165 and AB 2507 failed to meet a deadline and are dead for the year.

It was moved by Ms. LaManna, seconded by Ms. Berhow, and carried unanimously to recommend that the CBA Discontinue Following AB 2147, AB 2165 and AB 2507. Ms. Bell was temporarily absent.

III. Consideration of Positions on Newly Introduced Legislation.

A. AB 2396

Mr. Stanley stated that AB 2396 would prohibit a DCA board from denying a license based solely on a dismissed conviction. He stated that the CBA has only had a few cases in the last few years where a denial was considered due to a dismissed conviction, but that consideration, whether it was denied or not, would no longer be an option under AB 2396, effectively removing a tool from enforcement.

Ms. Schiedge briefly discussed what a dismissed conviction means. It is essentially an expungement. She explained that this does not mean that the conviction never happened, but simply demonstrates rehabilitation.

It was moved by Ms. Berhow, seconded by Ms. LaManna, and carried unanimously to recommend that the CBA take an Oppose position on AB 2396. Ms. Bell abstained.

B. AB 2415

Mr. Stanley explained that AB 2415 would establish a statewide system for the registration and regulation of Property Tax Agents. He reminded the LC that the CBA took an Oppose position last year on AB 1151, a substantially similar bill, because it would have imposed a second licensing requirement on CPAs who perform property tax agent work.

Mr. Fox spoke in opposition to this measure on behalf of CalCPA stating that it would impose a second registration requirement on CPAs.

Mr. Kelley spoke in favor of the measure stating that Los Angeles County already has such a law, and this bill would make it statewide. He stated that it helps with transparency and accountability.

Mr. Stanley informed the LC that he had been in contact with the author's office and that the author was not currently willing to exclude any group, including CPAs, from the bill.

Ms. LaManna suggested an Oppose Unless Amended position to exempt CPAs in order to communicate a less harsh message than an outright Oppose.

The LC briefly discussed whether AB 2415 would supersede the Los Angeles ordinance. Mr. Kelley stated that such language was already in the bill.

It was moved by Ms. LaManna, seconded by Ms. Bell, and carried unanimously to recommend that the CBA adopt a position on AB 2415 of Oppose Unless Amended to exclude CPAs and ensure that the state law would supersede any local laws on this issue.

C. AB 2720

Mr. Stanley indicated that AB 2720 would require state bodies to publically report any action taken and the vote of each member present.

He stated that the CBA is already required to keep minutes and post them on its website. As a part of those minutes, the CBA already reports its votes on any action

taken. While AB 2720 would not impact how the CBA currently does business, it would increase transparency throughout state government.

It was moved by Ms. Berhow, seconded by Ms. Bell, and carried unanimously to recommend that the CBA adopt a Support position on AB 2720.

D. SB 1091

Mr. Stanley indicated that this measure failed to pass by a legislative deadline and is dead for the year.

E. SB 1159

Mr. Stanley stated that SB 1159 would allow a DCA board to accept a federal taxpayer ID number on an application in place of a social security number. Currently, an individual must provide a social security number on an application. This change would amend the law to state that an applicant must provide a social security number or the taxpayer ID number if one has been issued.

He stated that this phrase, "if one has been provided," would seem to indicate that, potentially, those without either number could still obtain licensure in California.

It was moved by Ms. LaManna that the CBA take an Oppose position on SB 1159. The motion failed for lack of a second.

Ms. Schieldge indicated that the way this bill is written would conflict with federal law as it does not give boards the explicit authority to license an undocumented immigrant.

Several members of the LC expressed concern at the potential conflict with federal law.

It was moved by Ms. Berhow, seconded by Mr. Kaplan, and carried unanimously to recommend that the CBA watch SB 1159 and direct staff to communicate the concerns regarding the federal law to the author.

F. SB 1258

Mr. Stanley indicated that this measure failed to pass by a legislative deadline and is dead for the year.

G. SB 1467

Mr. Stanley indicated that SB 1467 is the omnibus bill. It contains four provisions requested by the CBA: authorizing the collection of email addresses, allowing experience in academia for CPA licensure, putting a 30 day time frame on a practice

privilege holder to report criminal charges, and correcting a drafting error in the practice privilege law.

He continued by stating that, at the last CBA meeting, staff were directed to pursue changing wording in Business and Professions Code section 5087 from “valid and unrevoked” to “current, active, and unrestricted.” Since then, staff have identified more than 20 other occurrences of similar wording and are working on analyzing those for future CBA deliberation. He indicated that, once reviewed and approved by the CBA, any changes resulting from that analysis would be pursued through legislation.

It was moved by Ms. Bell, seconded by Ms. Berhow, and carried unanimously to recommend that the CBA take a Support position on SB 1467.

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 9:51 a.m.

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**CBA Item XII.D.**

July 24, 2014

**DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
 ENFORCEMENT ADVISORY COMMITTEE (EAC)**

**MINUTES OF THE
 MAY 1, 2014
 EAC MEETING**

Hilton Los Angeles Airport
 5711 West Century Blvd.
 Los Angeles, CA 90045
 Telephone: (310) 410-4000

I. Roll Call and Call to Order.

The regularly scheduled meeting of the EAC was called to order at 9:00 a.m. on May 1, 2014 by EAC Chair, Cheryl Gerhardt.

Members

| | |
|------------------------------|---------|
| Cheryl Gerhardt, Chair | Present |
| Jeffrey De Lyser, Vice Chair | Present |
| Joe Buniva | Present |
| Gary Caine | Present |
| Nancy Corrigan | Present |
| Mary Rose Caras | Present |
| Bill Donnelly | Present |
| Robert A. Lee | Present |
| Mervyn McCulloch | Present |
| Joseph Rosenbaum | Present |
| Seid Sadat | Present |
| Michael Schwarz | Present |
| Dale Best | Present |

CBA Members Observing

Michael Savoy, CBA President
 Kay Ko

CBA Member Liaison

Herschel Elkins

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer

Rafael Ixta, Chief, Enforcement Division
Paul Fisher, Supervising Investigative CPA
DeAnn MacConell, Investigative CPA
David Jones, Investigative CPA
Kay Lewis, Investigative CPA
Marla Weitzman, Investigative CPA
Allison Nightingale, Enforcement Secretary
Carl Sonne, Deputy Attorney General, Department of Justice

II. Review Enforcement Files on Individual Licensees.

The EAC adjourned into closed session under provisions of Government Code section 11126(c)(2) and Business and Professions (B&P) Code section 5020. EAC members convened into closed session at 9:05 a.m. and reconvened into open session at 10:30 a.m.

III. Report of the Committee Chair (**Cheryl Gerhardt**).

A. Approval of the January 30, 2014 EAC Meeting Minutes.

It was moved by Mr. Caine, seconded by Mr. Schwarz, and unanimously carried to approve the minutes of the January 30, 2014 EAC meeting.

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

B. Ms. Gerhardt reported that the CBA members appointed Dale Best to the EAC and reappointed Mary Rose Caras to the EAC.

IV. Welcome Message From the CBA President (**Michael M. Savoy, CPA**).

Mr. Savoy thanked the EAC members for their hard work and dedication to the EAC. Mr. Savoy discussed how the CBA is pursuing legislation to authorize the collection of e-mail addresses from licensees for more effective dissemination of information. Mr. Savoy also discussed the CBA's legislative proposal to allow academia to qualify as general accounting experience for CPA licensure. He further reported on the formation of the new Mobility Stakeholder Group (MSG), which has been tasked to monitor the new mobility provisions implemented on July 1, 2013.

V. Report of the CBA Liaison (**Herschel Elkins**).

A. Report of the March 20-21, 2014 CBA and Committee Meetings.

Mr. Elkins reported that the CBA's current year fiscal budget is now set at \$11,557,852 which is slightly reduced from the previous figure reported in the first-quarter financial statement mainly due to delays in BreEZe expenditures and an increase in employee compensation. He further stated that the Fiscal Year (FY) 2014-2015 CBA budget has been preliminarily set at \$13,413,000 which is an increase of \$1.86 million over the FY 2013-2014 budget, with the majority of the increase due to additional Budget Change Proposal positions.

Mr. Elkins also reported that the CBA approved using an online survey to collect data from all state boards of accountancy regarding the attest experience requirement for CPA licensure, in order to assist the CBA in future deliberations regarding the attest requirement. This is in addition to a survey for California, which will be discussed at the May CBA meeting.

Mr. Elkins also reported that the CBA took positions on various bills, including one that would impose timeframes for the licensure process.

Mr. Elkins also stated that the CBA accepted the Enforcement Program Oversight Committee's motion to add staff's suggested changes to the Disciplinary Guidelines and Model Orders, regarding notification of pending criminal charges for practice privilege holders, to the current regulatory proposal.

VI. Report of the Enforcement Chief (**Rafael Ixta**).

A. Enforcement Activity Report.

Mr. Ixta provided an overview of the report. Mr. Ixta reported that the Enforcement Division currently has received 2,845 complaints in FY 2013/14. The number of complaints have increased since the previous reporting period. The CBA received 720 internal non-peer review related complaints since July 1, 2013, which represents more internal complaints than all of FY 2012/13 due to the increased internal complaints which are criminal convictions and unlicensed practice referrals. Mr. Ixta further reported that the enforcement management hired four Retired Annuitants (RA) to assist as the CBA transitions to the BreEze system. The RAs are being trained in investigations and will assist with enforcement workload when permanent CBA staff are redirected to BreEze. Mr. Ixta also reported that the enforcement management is currently recruiting Investigative CPAs and Enforcement Analyst positions. The report was provided in the EAC packets.

VII. Public Comments for Items Not on the Agenda.

There were no comments from the public for items not on the Agenda.

VIII. 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.]

IX. Adjournment.

The next EAC meeting is scheduled for July 10, 2014 at the California Board of Accountancy in Sacramento.

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:30 a.m. to reconvene in closed session at 1:00 p.m. Closed session adjourned at approximately 5:00 p.m.

Cheryl Gerhardt, CPA, Chair
Enforcement Advisory Committee

Prepared by: Allison Nightingale, Enforcement Secretary

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MSG Item I.
 July 23, 2014

CBA Item XII.E.
 July 24, 2014

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

MINUTES OF THE
March 20, 2014
MOBILITY STAKEHOLDER GROUP MEETING

DRAFT

Hilton Pasadena
 168 South Los Robles Avenue
 Pasadena, CA 91101
 (626) 577-1000

CALL TO ORDER

Katrina Salazar, Chair, called the meeting of the Mobility Stakeholder Group (MSG) to order at 9:01 a.m. Ms. Salazar requested that the role be called.

Members

| | |
|-------------------------|---------|
| Katrina Salazar, Chair | Present |
| Hal Schultz, Vice-Chair | Present |
| Jose Campos | Present |
| Ed Howard | Present |
| Rafael Ixta | Present |
| Joe Petito | Present |
| Stuart Waldman | Present |

CBA Members Observing

Sally Anderson
 Alicia Berhow
 Herschel Elkins

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

Sara 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
Jonathan Ross, KP Public Affairs

I. Welcome and Introduction of Members

Ms. Salazar welcomed the members to the MSG. Each member introduced themselves and gave a brief summary of their background.

II. Overview of the Purpose and Role of the MSG

Ms. Salazar provided a brief overview of the MSG's purpose and role. Its purpose, as mandated by law, is two-fold, to consider whether the provisions of the mobility law are consistent with the CBA's duty to protect the public, and to consider whether the mobility law satisfies the objectives of stakeholders of the accounting profession, including consumers.

She also stated that the MSG's role during its meetings will be to gather and examine information that will help it make determinations in fulfillment of those purposes.

III. Adoption of Policies and Procedures for the MSG

Mr. Stanley informed the MSG that the law requires the MSG to adopt policies and procedures at its first meeting.

Mr. Stanley reviewed potential calendars for meeting dates of the MSG including meetings held in conjunction with the CBA and not in conjunction with the CBA. He proposed calendars for two, three, four, or six meetings during the year.

It was moved by Ms. Salazar, seconded by Mr. Schultz, and carried unanimously to hold MSG meetings in conjunction with the CBA meetings three times per year.

Mr. Stanley continued the discussion by addressing the MSG's statutory requirement that it report to the CBA. He stated that the Chair's verbal report on the MSG meetings may satisfy the requirement. He also stated that the MSG may wish to prepare regular written reports on its findings as well. He stated that staff would be

maintaining a decision matrix to track decisions made by the MSG, and that it could become the basis for an annual report.

It was moved by Ms. Salazar, seconded by Mr. Campos, that the MSG prepare a written annual report due to the CBA once per calendar year.

Mr. Howard asked that the motion be revised to allow more than one report every twelve months. Ms. Salazar accepted the revisions as did Mr. Campos.

It was moved by Ms. Salazar, seconded by Mr. Campos, and carried unanimously that the MSG prepare for the CBA at least one written annual report each calendar year.

Mr. Stanley stated that the MSG may wish to prepare a final report to summarize its findings in time for it to be of use to the CBA as it prepares its report to the Legislature due January 1, 2018.

Mr. Waldman speculated that the MSG might be rushing its determination to have a final report over a year before the MSG sunsets.

It was moved by Mr. Petito, seconded by Mr. Campos, and carried unanimously that the MSG produce a final report to be utilized by the CBA.

IV. Discussion Regarding Proposed Agenda Items for Next Meeting

Mr. Stanley proposed several topics for inclusion on a future agenda and inquired whether the MSG wished to add any topics to the list. He proposed the following topics: an overview of the new mobility law and comparison with the old law, the consumer protection provisions of the mobility law, defining the objectives of the stakeholders, and a review of licensing and enforcement statistics for mobility.

Mr. Campos suggested exploring any issues encountered by other states regarding mobility.

Mr. Howard suggested a review of how the CBA has implemented the mobility law.

Mr. Ixta suggested a summary of differences between the various states' mobility laws and a discussion of how other states have handled discipline in the context of mobility.

Ms. Salazar stated that staff would take the MSG's suggestions and develop future agendas.

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 9:28 a.m.



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CBA Item XIV.C.
July 24, 2014

Press Release Focus

Presented by: Deanne Pearce, Assistant Executive Officer

Date: July 9, 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

No specific action is required on this item.

Background

A post-CBA meeting press release, *California Board of Accountancy Announces Appointments to Advisory Committees*, was issued following the May CBA meeting and a press release titled, *Temporary Fee Reductions and New "Retired Status" Soon to Take Effect*, was issued the week of June 23, 2014. Four new enforcement action press releases have also been issued.

A press advisory notifying the media of the July 24, 2014 CBA meeting is scheduled to be distributed July 21, 2014.

Comments

None.

Fiscal/Economic Impact Considerations

None.

Recommendation

Staff recommendation will be made at the time of this presentation.

Attachments

1. California Board of Accountancy Announces Appointments to Advisory Committees
2. Temporary Fee Reductions and New "Retired Status" Soon to Take Effect
3. Enforcement Action Press Releases



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Attachment 1

NEWS RELEASE

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh (916) 561-1789

CALIFORNIA BOARD OF ACCOUNTANCY ANNOUNCES APPOINTMENTS TO ADVISORY COMMITTEES

SACRAMENTO – The California Board of Accountancy (CBA) has announced the appointment of Robert Lee, CPA as Chair of the Peer Review Oversight Committee (PROC). The PROC is a legislatively mandated committee vested with the responsibility of providing recommendations to the CBA regarding the effectiveness of mandatory peer review. Mr. Lee was appointed by the CBA at its meeting in Los Angeles on May 29-30, 2014.

Joseph R. Rosenbaum, CPA, was also reappointed to the CBA's Enforcement Advisory Committee (EAC). The EAC assists the CBA in an advisory capacity with enforcement activities.

Additionally, the CBA announced the appointments of Kimberly Sugiyama, CPA and Nasi Raissian, CPA to the Qualifications Committee (QC), and the reappointment of Casandra Moore-Hudnall, CPA to the QC.

The CBA actively recruits CPAs with diversified backgrounds that have the technical skills, the interest, and the commitment to serve on one of the CBA's advisory committees. A CPA's service benefits both the consumer and the profession. Please visit the CBA's website www.cba.ca.gov for additional information on participating on a CBA committee.

###

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 90,000 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.   

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**Attachment 2****NEWS RELEASE**

FOR IMMEDIATE RELEASE

Contact: Lauren Hersh
(916) 849-9022**TEMPORARY FEE REDUCTIONS AND NEW "RETIRED STATUS"
SOON TO TAKE EFFECT**

(Sacramento, CA) – Beginning July 1, 2014, those applying for their CPA licenses and those CPAs renewing their licenses will find the cost to do so cut from the current \$120 fee to \$50 for the next two years. In addition, the application fee for the CPA exam, the license application fee, and the fee for registration as a partnership or corporation have also been reduced beginning July 1, 2014 through June 30, 2016.

Citing a more-than-robust Accountancy Fund, California Board of Accountancy (CBA) President Michael M. Savoy, CPA, said the CBA elected to reduce the fees to help offset the cost of entry into the accounting profession and to help reduce the Accountancy Fund Reserve to more reasonable levels.

Savoy also said a new "retired license" status takes effect July 1, 2014.

"This new retired status offers California CPAs who meet certain criteria the ability to retire without having to choose between allowing their hard-earned CPA license to lapse and paying the full biennial renewal fee to enable them to keep 'CPA' after their name," he said. A CPA using this status would need to display "retired" next to the CPA designation.

For more information on the new regulations please visit
http://www.dca.ca.gov/cba/laws_and_rules/index.shtml

###

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**California Board of Accountancy
Enforcement Action News Release**

Sent to Berkeley@Patch.com (Berkeley Patch), and
doakley@bayareanewsgroup.com (Oakland Tribune) on July 7, 2014

Arthur James Arding III, Berkeley, CA (CPA 63875) and Arding Accountancy Corporation, Berkeley, CA (COR 1724) have been disciplined by the California Board of Accountancy. Please utilize the attached links to the California Board of Accountancy's Web page to access details of these enforcement actions. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding these enforcement actions.

http://www.dca.ca.gov/cba/discipline/index.shtml#A_1962

http://www.dca.ca.gov/cba/discipline/index.shtml#A_1963

Sent to newportbeach@patch.com (Irvine/Newport Beach Patch) and
business@ocregister.com (The Orange County Register) on July 7, 2014

Jason Wayne Brown, Irvine, CA (CPA 124323) 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#B_1975

Sent to milpitas@patch.com (Milpitas Patch) and business@mercurynews.com
(San Jose Mercury News) on July 7, 2014

Steven W. Schnur, Milpitas, CA (CPA 20216) 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_1944

Sent to Calabasas@patch.com (Calabasas Patch) and business@latimes.com (Los Angeles Times) on July 7, 2014

Bruce F. Shiney, Calabasas, CA (CPA 43460) 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_1602

Sent to cerritos@patch.com (Cerritos Patch) and business@latimes.com (Los Angeles Times) on July 7, 2014

Anthony A. Tiongson, Cerritos, CA (CPA 16032) 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#T_1859
