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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
JULY 26, 2012
CBA MEETING

Tsakopoulos Library Galleria
 828 I Street
 Sacramento, CA 95814
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Roll Call and Call to Order.

CBA President Marshal Oldman called the meeting to order at 10:28 a.m. on Thursday, July 26, 2012 at Tsakopoulos Library Galleria. The meeting recessed at 12:00 p.m. President Oldman reconvened the meeting at 1:00 p.m. and the meeting adjourned at 3:15 p.m.

CBA Members

July 26, 2012

Marshal Oldman, President	10:28 a.m. to 3:15 p.m.
Leslie LaManna, Vice President	10:28 a.m. to 3:15 p.m.
Michael Savoy, Secretary-Treasurer	10:28 a.m. to 3:15 p.m.
Sarah (Sally) Anderson	10:28 a.m. to 3:15 p.m.
Diana Bell	10:28 a.m. to 3:15 p.m.
Alicia Berhow	10:28 a.m. to 3:15 p.m.
Michelle Brough	10:28 a.m. to 3:15 p.m.
Donald Driftmier	10:28 a.m. to 3:15 p.m.
Herschel Elkins	10:28 a.m. to 3:15 p.m.
Laurence (Larry) Kaplan	10:28 a.m. to 3:15 p.m.
Louise Kirkbride	10:28 a.m. to 3:15 p.m.
Kitak (K.T.) Leung	10:28 a.m. to 3:15 p.m.
Manuel Ramirez	10:28 a.m. to 3:15 p.m.
David Swartz	10:28 a.m. to 3:15 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Rich Andres, Information Technology Staff

Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Chief, Licensing Division
Lauren Hersh, Information & Planning Manager
Rafael Ixta, Chief, Enforcement Division
Kari O'Connor, Board Relations Analyst
Deanne Pearce, Assistant Executive Officer
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Brian Clifford, Legislative Analyst, DCA
Jason Fox, California Society of CPAs (CalCPA)
Joe Petito, The Accountants Coalition
Pilar Onate-Quintana, KP Public Affairs
Jonathan Ross, KP Public Affairs
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA

I. Report of the President

Mr. Oldman stated that the implementation and emergency regulations regarding SB 1405 has been assigned to the Committee on Professional Conduct (CPC). Mr. Oldman suggested that the Legislative Committee (LC) work on a bill to authorize the CBA to engage in specific types of restitution orders as part of probation and disciplinary settlements. Mr. Oldman commented that he has asked CBA staff to reach out to the State Controller's Office (SCO) to request their attendance at a future CBA meeting to discuss issues such as audit failures and city bankruptcies.

II. Report of the Vice President.

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

There was no report for this item.

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

There was no report for this item.

C. Recommendations for Appointments/Reappointments to the Peer Review Oversight Committee (PROC).

It was moved by Ms. LaManna, seconded by Mr. Ramirez and unanimously carried by those present to appoint Mr. Lee as Vice Chair of the PROC.

III. Report of the Secretary/Treasurer

A. Discussion of Governor's Budget.

There was no report on this item.

IV. Report of the Executive Officer (EO)

A. Update on Staffing.

Ms. Bowers reported that the CBA is currently recruiting to fill two vacancies. Ms. Bowers stated that the Enforcement Division is fully staffed; however, the two student assistants working in the Enforcement Division will be terminated on September 1, 2012.

B. Update on CBA 2010-2012 Communications and Outreach Plan.

Ms. Hersh provided an overview of this item. Ms. Hersh noted the CBA's successes in the area of social media. Ms. Hersh stated that many Facebook followers consider the CBA Facebook page as a source to get customer service and find and share useful information. Ms. Hersh commented that social media allows for communication and the transferring of information and resources between organizations such as American Institute of Certified Public Accountants, National Association of State Boards of Accountancy (NASBA), CalCPA and other state boards.

C. Discussion and Possible Action to Amend Business and Professions Code Section 5008 Regarding Eliminating the Requirement that the CBA Distribute the UPDATE Publication and Instead Allow that it be Made Available to Licensees.

Ms. Hersh provided an overview of this item. Mr. Hersh stated that the last two issues of UPDATE have been provided through web posting and E-News, and mailed out to those who requested to receive the hardcopy. The CBA website has received approximately 31,000 hits for the Spring edition of UPDATE, while staff mailed the UPDATE to the 3000 individuals opting in to receive a hard copy. Postcards have been sent to remind subscribers that UPDATE will be provided electronically, unless the subscriber chooses to opt-in for a hardcopy.

Mr. Swartz stated that sending a hardcopy of the UPDATE to our licensees would be a more effective method of communication.

Mr. Ramirez stated that the CBA should uphold its obligation to communicate to its licensees and should distribute the UPDATE publication rather than just “make it available.” Mr. Ramirez further stated that he supports keeping the original regulatory language.

Ms. Kirkbride stated that is it possible to send out postcards stating that UPDATE is now available electronically which gives an end date for receiving a hard copy of UPDATE unless the licensee “opts in” to continue to receive a hard copy.

Mr. Kaplan commented that postcards should be sent to collect e-mail addresses so the UPDATE publication can be distributed by e-mail in the future.

It was moved by Mr. Kaplan, seconded by Mr. Swartz and unanimously carried by those present to have staff coordinate a transition plan to work towards transitioning UPDATE to be distributed electronically.

V. Report of the Licensing Chief.

A. Report on Licensing Division.

Mr. Franzella provided an overview of this item (See Attachment__). Mr. Franzella stated that there is an increase in examination applicants due to graduating students. Mr. Franzella also stated that a taskforce consisting of staff from the Initial Licensing and Examination Units, has been created. This taskforce will focus on the implementation of the new educational requirements. Mr. Franzella further stated that a plan for outreach activities and several other topics related to the new educational requirements will be presented at the September CBA Meeting.

VI. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

Mr. Ixta provided an overview of this item (See Attachment__).

Mr. Ramirez expressed concern about the number of cases over 24-months old.

Mr. Elkins requested that at a future CBA meeting, staff provide more information on possible reasons for a 24 month pending period for enforcement cases.

Ms. Shellans stated that one potential cause for the length of time was that the Office of Administrative Hearings was also processing hearings

for teacher layoff notices and for a period of time, priority was given to such hearings. This caused a backlog and resulted in a significant increase in time from when an accusation was served by the CBA and when an administrative hearing would take place.

Ms. Bowers stated that once a case goes to administrative hearing, there can be a delay in receiving a decision from the Administrative Law Judge (ALJ). Ms. Bowers further stated that enforcement staff has been proactive in reaching out to the assigned ALJ to follow up on delayed final decisions.

B. Citation and Fine Report.

Mr. Ixta reported that the majority of citations were issued for failure to respond to the CBA in relation to peer review reporting, and continuing education violations.

C. Reportable Events Report.

Mr. Ixta reported that since the last CBA meeting, 24 reportable events have been received. There has been five Securities and Exchange Commission Wells Notice submissions received in the last two months.

Mr. Swartz inquired if the SCO reviews governmental restatements.

Mr. Fisher stated that the SCO does not review them. Mr. Fisher further stated that he reviews restatements and if necessary, they are referred to the EAC for review. Mr. Fisher noted that the number of restatements is consistent with what has been reported in the past.

D. Update on Peer Review Implementation.

Mr. Ixta reported that all three implementation phases of peer review reporting are now in effect. Mr. Ixta stated that 872 citations have been issued to licensees from the first phase. CBA staff will be issuing deficiency letters 4,500 licenses from the second phase for not submitting a peer review notification form.

Mr. Ramirez inquired if a failed peer review report is a reportable event.

Mr. Fisher stated peer review is a separate program and a failed peer review report is not included as a reportable event under Section 5063.

Mr. Elkins inquired about the steps after a citation is issued for failure to respond.

Mr. Ixta stated if the licensee does not respond to the citation, it becomes

final and the fine amount is added to the renewal fee. In order to renew a licensee, the fine amount must be paid.

Ms. Bowers stated that Peer Review is a condition for renewing a license; however peer review notification is not a condition of renewal. Ms. Bowers further stated that if a licensee fails to file a notification, and does not respond to board inquiries, they are issued a citation. If the licensee does not satisfy the requirements of the citation, then the license renewal may be held.

E. Results of the 3rd Quarter Performance Measures Report to DCA.

Mr. Ixta provided an overview of this item.

Mr. Ramirez inquired about why the CBA does not track DCA Performance Measure Six.

Ms. Bowers stated that DCA has opted not to track this performance measure until greater responses have been received throughout other boards. However, internally enforcement has a survey which contains the information in Performance Measure Six and this information is reviewed and tracked by CBA enforcement management.

At this time, CBA members heard Agenda Items VIII.D., IX. and X.A. through X.B.1.d.

VII. Regulation Hearing and Possible Action on Proposed Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Section 40 and 45 – Peer Review Reporting.

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 for a Retired Status License. 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 Analyst. 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 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 July 26th and the time is approximately 12:30 p.m. Our hearing is being held at Tsakopoulos Library Galleria at 828 I Street, in Sacramento, 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 at the back of the room.”

“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., January 23, 2012. Anyone who wishes to comment in writing but does not want to speak today is welcome to do so. If we receive written comments on the proposed regulations, they will be acknowledged and entered into the official record of the rulemaking proceedings.”

“Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify 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.”

“Please raise your hand if you wish to comment on the proposed regulations. Is there anyone else who would like to comment on the proposed regulations?”

“Thank you for participating in this regulation hearing. It is important that public comment on such policy issues be heard prior to the Board taking action on the proposal. The Board shall take into consideration all comments timely received. Upon careful consideration of all comments, the Board may take action to adopt the proposed text, or it may direct staff to modify the proposed text and make the text available for additional public comment.”

No public comments were received.

Mr. Stanley closed the regulation hearing at 12:34 p.m.

- B. Discussion and Possible Action to Adopt or Amend Proposed Text at Title 16, California Code of Regulations (CCR) Sections 40 and 45 – Peer Review Reporting.

It was moved by Mr. Ramirez, seconded by Ms. Brough and unanimously carried by those present to adopt the proposed regulatory changes and direct staff to take all steps necessary to complete the rulemaking process.

- C. Discussion and Possible Action on Issuing a 15-Day Notice of Modified Text at Title 16, California Code of Regulations (CCR) Sections 15, 15.1, 15.2, 15.3, 15.4, 70, 71, and 87.1– Retired Status.

It was moved by Mr. Driftmier, seconded by Ms. Anderson and unanimously carried by those present to adopt the staff recommendation to adopt the modified text in the attachment and direct staff to take all steps necessary to send out the modified text for the required 15-day comment period. If after the 15-day comment period, no adverse comments are received, authorize the Executive Officer to make any non substantive changes to the proposed regulations, adopt the text as noticed and submit the final rulemaking file to the Office of Administrative Law.

VIII. Committee and Task Force Reports.

- A. Enforcement Program Oversight Committee (EPOC) (Diana Bell, Chair).
 - 1. Report of the July 26, 2012 EPOC Meeting.
 - 2. Discussion and Possible Action on Defining the Responsibilities of the CBA Member Liaison to the Enforcement Advisory Committee (EAC).

Ms. Bell reported that these issues were brought before the EPOC and the CBA in follow up to discussions at the March EPOC and CBA meeting relating to the question of what would be the appropriate method for CBA members to express concerns with the investigation of a disciplinary matter.

Ms. Bell stated that EPOC members agreed that the appropriate method to communicate enforcement-related concerns would be to the EAC through the CBA member liaison to the EAC.

The EPOC members also recommend that the language presented in Attachment 2 of the agenda item be added to the Guidelines and Procedures Manual with the addition of the language “including Government Code Section 11430.10” to the last sentence.

It was moved by Ms. Bell, seconded by Ms. Anderson and carried by those present to approve EPOC’s recommendation on defining the responsibilities of the CBA member liaison to the EAC. Ms. Brough abstained.

3. Discussion and Possible Action on Establishing Guidelines for EPOC Members to Audit a Closed and Finalized Case.

Ms. Bell stated that this agenda item is a follow up to the responsibilities of EPOC as defined in the G&P Manual regarding the internal audit of closed and finalized disciplinary cases.

Ms. Bell stated that EPOC agreed that due to the increased amount of interaction with EAC in the future, the CBA liaison to the EAC should also be a member of the EPOC.

It was moved by Ms. Bell, seconded by Ms. Anderson and carried by those present to approve the guidelines as proposed in Attachment 1 of the agenda item. Ms. Brough abstained.

B. Legislative Committee (LC) (**Sally Anderson, Chair**).

1. Report of the July 26, 2012 LC Meeting.
2. Update on Bills on Which the CBA has Taken a Position (AB 1345, AB 1409, AB 1537, AB 1588, AB 1904, AB 1914, AB 1982, AB 2022, AB 2041, AB 2570, SB 103, SB 975, SB 1099, SB 1327 and SB 1576).

Ms. Anderson reported that CBA staff provided a brief summary of three categories of legislation. The first category is bills which have not been amended since the CBA's May meeting or which had only

minor, technical amendments. Ms. Anderson stated that these bills include AB 1409, AB 2570, SB 103, and SB 1099.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to maintain the CBA's current position on AB 1409, AB 2570, SB 103, and SB 1099.

Ms. Anderson stated that the second category is bills which either failed passage or were amended to no longer be relevant to the CBA. These include AB 1537, AB 1914, AB 1982, AB 2022, AB 2041, and SB 975.

It was moved by Ms. Anderson, seconded by Ms. LaManna and unanimously carried by those present that the CBA discontinue following AB 1537, AB 1914, AB 1982, AB 2022, AB 2041, and SB 975.

Ms. Anderson stated that LC discussed bills which have been substantially amended since the May CBA meeting.

Ms. Anderson stated that AB 1345 is the bill that requires audit partner rotation. While the CBA provided four proposed amendments to the bill, the only one taken at this point was the one to clarify that the six year limit for using a particular audit partner would begin in Fiscal Year 2013/14. The remaining proposed amendments were not taken.

It was moved by Ms. Anderson, seconded by Ms. Bell and unanimously carried by those present that the CBA maintain its Support if Amended position. In addition, the LC recommends that staff be directed to send letters regarding the CBA position to committee members and follow up with phone calls to the committee.

Ms. Anderson stated that AB 1588 is the bill that requires boards to waive continuing education (CE) and renewal fees for military reservists. The author's office worked with CBA staff, and staff from several other boards to come up with language that would meet everyone's needs. There were several minor amendments which improved the bill, one of which gives the boards rulemaking authority. Ms. Anderson stated that the CBA's specific request to remove the CE exemption was not taken as several other boards wanted this left in place.

It was moved by Ms. Anderson, seconded by Ms. Brough and unanimously carried by those present that the CBA adopt a Support position on AB 1588.

AB 1904 is the bill that would have required a temporary license to be issued to spouses of active military members stationed in California who are licensed in other jurisdictions. This bill was amended to remove the temporary license provisions and instead require that boards expedite the licensure process for these individuals.

It was moved by Ms. Anderson, seconded by Ms. Bell and unanimously carried by those present that the CBA adopt a Support position on AB 1904.

Ms. Anderson stated that SB 1327 is the bill to require a website to assist individuals with the licensing requirements needed to start a business. It would have required the CBA to provide information, including applications and qualifications, to be placed on the site. CBA staff attended a meeting with the author's staff and were able to view a presentation of the existing website, called CalGOLD, which currently provides access to information provided by state entities on a voluntary basis. Ms. Anderson stated that the information is provided voluntarily, and it is incomplete which is the issue SB 1327 is attempting to remedy. In order to assuage the CBA's concerns about directing traffic to another website and possibly causing consumer confusion, the bill has been amended so that state entities only need to provide a link to their licensing information. In this way, the CalGOLD website would direct users to the CBA website.

It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to recommend that the CBA adopt a Support position. In the event that SB 1327 does not become law, the LC also recommends that staff be directed to reach out to the Governor's office to provide links to the CBA's licensing information on the CalGOLD website.

SB 1576 is the omnibus bill which has several provisions affecting the CBA. The amendments which were originally taken regarding retired status were incomplete. The most recent amendments complete the CBA's request which was approved in January.

It was moved by Ms. Anderson, seconded by Ms. Bell and unanimously carried by those present that the CBA adopt a Support position on SB 1576.

3. Consideration of Position on SB 1405 – Accountancy: Military Service: Practice Privilege.

Ms. Anderson stated that SB 1405 still contains the provisions regarding the creation of a military inactive status, but it has been

amended to also include new practice privilege provisions which have been referred to as mobility. Ms. Anderson reported that the LC views this bill as an improvement over the current practice privilege program. The mobility provisions being proposed in SB 1405 are temporary and sunset in 2019 to allow both the CBA and the Legislature an opportunity to review the efficacy of the program. Ms. Anderson further stated that CBA staff and the sponsors of the bill have worked to address various concerns that will improve the bill further.

It was moved by Ms. Anderson, seconded by Mr. Leung and carried by those present that the CBA adopt a Support position on SB 1405. Ms. Kirkbride opposed.

4. Additional Legislation Impacting the CBA Identified by Staff After the Posting of the Meeting Notice.

There was no report for this item.

5. Discussion and Possible Action to Amend Business and Professions Code Section 5076 – Peer Review.

Ms. Anderson stated that current law requires a peer review in order to renew a license. In 2010, the CBA took action to begin a rulemaking to exempt those who renew inactive; however, the issue of a new retired status was brought forward shortly after, and it was decided to await the outcome of that legislation before moving forward as an exception may need to be made for retired status as well.

Ms. Anderson reported that as CBA staff researched the issue, it was discovered that a licensee could renew inactive, and undergo a status conversion less than a month later and be exempt from peer review. Although a rulemaking would be able to address the issue of inactive and retired status, it could not address the status conversion issue and the language provided by staff would address both issues at the same time. Ms. Anderson commented that there is still time to have the omnibus bill amended to include this language.

It was moved by Ms. Anderson, seconded by Ms. Bell and unanimously carried by those present that the proposed language be included in the Omnibus Bill, SB 1576.

- C. Committee on Professional Conduct (CPC) Michael Savoy, Chair).

There was no report for this item.

D. Strategic Planning Committee (SPC) (Manuel Ramirez, Chair).

Mr. Ramirez reported that the CBA Strategic Plan Workshop was held on July 25, 2012. Mr. Ramirez thanked CBA members and staff for attending and stated that the workshop was effective. Mr. Ramirez noted that mission and vision statements were reviewed and that most time was spent making updates to the CBA core values and goals. The next phase of the development of the Strategic Plan will be for a review of the draft document at the Strategic Planning Committee meeting in September. The 2013-2015 Strategic Plan will be presented to the CBA for adoption at the September or November CBA meeting.

E. Enforcement Advisory Committee (EAC) (Cheryl Gerhardt, Chair).

Report of the July 12, 2012 EAC Meeting.

Mr. Ixta provided the report for this item.

Mr. Ixta stated that three investigative hearings were held. Two concluded with a recommendation to refer the case to the AG's office for preparation of an accusation and one concluded with a recommendation to assign CE. The EAC reviewed 18 closed cases and agreed with closure on all but one. This case is being reviewed by enforcement management to determine if the investigation was properly closed. After review, this case will be discussed with the EAC.

F. Qualifications Committee (QC) (Fausto Hinjosa, Chair).

There was no report for this item.

G. Peer Review Oversight Committee (PROC)

Report of the June 15, 2012 PROC Meeting.

Mr. Ixta provided the report for this item.

Mr. Ixta stated that the PROC discussed its participation in several oversight activities. Mr. Ixta noted that PROC members attend these activities to ensure the PROC is providing adequate oversight.

Mr. Ixta stated that Mr. Corrigan recommended Robert Lee to serve as Vice Chair of the PROC. Ms. Corrigan plans to assign future vice chairs to one year terms, then once two or three vice chairs have had the opportunity to serve, one can serve as committee chair at the CBA's approval.

Mr. Ixta stated that Janice Gray from the Compliance Assurance

Committee (CAC) discussed the National Peer Review Committee (NPRC) and provided an in-depth presentation of the peer review process as it pertains to firms of publicly traded companies.

The PROC discussed to what extent oversight activities should be provided to the NPRC. Presently, the CAC is providing oversight to NPRC so that respective state PROCs will have assurance that no additional oversight is required. The PROC has not committed to this process and has requested additional information from the CAC to determine if any additional oversight of the NPRC will be necessary.

Ms. Anderson asked what oversight the PROC provides over CalCPA.

Mr. Ixta stated that the PROC attends the CalCPA Report Acceptance Body meetings to make sure that the process is fair and consistent and will attend peer reviewer training to make sure peer reviewers are being properly trained.

Mr. Ixta further stated that the PROC reviewed its roles and responsibilities and was researching other states' policies to determine if any peer review results should be included on the CBA website.

Ms. Anderson stated that when peer review was approved, it was agreed that it should be an educational process and the peer review results should not be included on the CBA website. Ms. Anderson stated that consumers should be made aware of peer review and ask for a firm's peer review report.

Mr. Ramirez inquired if the CBA should provide any input to the committee regarding discussion on issues of policy. Mr. Ramirez stated that such policy-related discussions seem outside the scope of the PROC and are best reserved for the CBA as originally outlined.

Ms. Bowers stated the CBA could provide the committee the direction not to discuss policy issues.

2. Discussion and Possible Action on the Role of the PROC.

Mr. Ixta stated that the PROC reviewed its role and the proposed changes are to make the role of the PROC broader, should there be other peer review program providers in the future, and to ensure that program providers are in compliance with Section 48.

Mr. Ramirez stated that he agrees with the proposed roles. Mr. Ramirez inquired if the committee should serve as the CBA representative at the AICPA board meetings or if the CBA President should appoint a representative or CBA member to serve in this capacity.

Ms. Bowers stated that from an educational standpoint there is valuable information that takes place that the committee members could benefit from.

Mr. Ramirez inquired if testimony occurs at the AICPA board meetings.

Ms. Bowers stated that the AICPA meetings are more of a function of board members rather than public testimony and is primarily a presentation of the board members to the other board members.

Ms. LaManna stated that she appreciated the hard work of the committees and did not want to discourage them.

Ms. Bell suggested including as part of the role of PROC, adding a bullet that states bringing policy issues to the attention of the CBA prior to discussing as a committee.

Ms. Bowers suggested that the CBA's decision regarding policy issues be applied to all CBA committees, rather than the PROC only.

It was moved by Mr. Swartz, seconded by Ms. Anderson and unanimously carried by those present to direct the PROC not to pursue any research in posting peer review results to the CBA website.

It was moved by Mr. Ramirez, seconded by Mr. Leung and unanimously carried by those present to approve the changes to the role of PROC in the CBA Guidelines & Procedures Manual.

IX. Acceptance of Minutes.

- A. Draft Minutes of the May 24-25, 2012 CBA Meeting.
- B. Minutes of the May 24, 2014 EPOC Meeting.
- C. Minutes of the May 24, 2012 LC Meeting.
- D. Minutes of the April 20, 2012 PROC Meeting.

It was moved by Ms. Bell, seconded by Mr. Ramirez and unanimously carried by those present to accept agenda items IX.A-IX.D.

X. Other Business.

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

There was no report for this item.

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

1. Update of NASBA Committees.

a. Accountancy Licensee Database (ALD) Task Force.

Ms. Bowers reported that the ALD Task Force will meet July 30-31, 2012 and an update from that meeting will be provided at the September CBA meeting.

b. Board Relevance & Effectiveness Committee.

There was no report for this item.

c. Education Committee.

There was no report for this item.

d. Uniform Accountancy Act Committee (UAA).

There was no report for this item.

XI. Closing Business

A. Public Comments.*

No public comments were received.

B. Agenda Items for Future CBA Meetings.

There was no discussion on this item.

C. Press Release Focus

Ms. Hersh stated that topics for press release focus should include changes to peer review reporting and retired status. A press release would be issued pending the outcome of SB 1405.

XII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decision and Proposed Decisions).

Adjournment.

President Oldman adjourned the meeting at 3:15 p.m. on Thursday, July 26, 2012.

_____ Marshal A. Oldman, Esq., President

_____ Michael M. Savoy, CPA, Secretary-Treasurer

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