



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



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

DATE: Wednesday, July 28, 2010

COMMITTEE MEETING (LC)

TIME: 8:30 a.m.

COMMITTEE MEETING (CPC)

TIME: 8:45 a.m., or upon adjournment of
the LC meeting

CBA MEETING

TIME: 10:30 a.m. to 4:30 p.m.

PLACE: The Holiday Inn Express
2224 Auburn Blvd.
Sacramento, CA 95821
Telephone: (916) 923-1100
Facsimile: (916) 921-9900

Enclosed for your information is a copy of the agendas for the LC, CPC, and CBA meetings on July 28, 2010. For further information regarding these meetings, please contact:

Veronica Daniel, Executive Analyst
(916) 561-1716, or vdaniel@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

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

The next CBA meeting is scheduled for September 23-24, 2010 in San Diego, California.

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



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



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

CBA MEETING
AGENDA WORKSHEET

Wednesday, July 28, 2010
10:30 a.m. – 4:30 p.m.

The Holiday Inn Express
 2224 Auburn Blvd.
 Sacramento, CA 95821
 Telephone: (916) 923-1100

- | | |
|-------------|--|
| 10:30-10:35 | I. Roll Call and Call to Order (Manuel Ramirez). |
| 10:35-11:05 | II. Report of the President (Manuel Ramirez). <ul style="list-style-type: none"> A. Update on California Research Bureau (CRB) Study. B. Peer Review Oversight Committee (PROC) Appointments. C. Update on Peer Review Implementation (Dominic Franzella). D. Consideration of Modification to Executive Officer's Delegation of Authority (Gary Duke). |
| | III. Report of the Vice President (Sally Anderson). <ul style="list-style-type: none"> No report. |
| 11:05-11:15 | IV. Report of the Secretary/Treasurer (Marshal Oldman). <ul style="list-style-type: none"> A. Discussion of Governor's Budget. <ul style="list-style-type: none"> 1. FY 2010/2011 \$10 Million Accountancy Fund Loan to General Fund. |

- 11:15-12:00 V. Report of the Executive Officer (**Patti Bowers**).
- A. DCA Director's Report (**DCA Representative**).
1. Update on Consumer Protection Enforcement Initiative.
 2. Licensing Processes Review.
- B. Update on 2010/2012 CBA Communications and Outreach Plan (**Deanne Pearce**).
- C. Update on October 27, 2010 CBA Working Conference (**Dan Rich**).
- D. Educational Presentation – Mail Voting Process (**Rafael Ixta**).
- E. Update on Current Projects List (Written Report Only).
- 12:00-12:10 VI. Report of the Licensing Chief (**Deanne Pearce**).
- A. Report on Licensing Division Activity.
- 12:10-12:30 VII. Report of the Enforcement Chief (**Rafael Ixta**).
- A. Report on Status of Enforcement Matters.
1. Enforcement Case Activity and Status Report.
 2. Major Case Summary.
 3. Report on Citations and Fines.
 4. Reportable Events Report.
- 12:30-1:30 **LUNCH**
- 1:30-1:35**
TIME CERTAIN VIII. Regulations.
- A. Regulation Hearing Regarding Section 70 – Fees (**Gary Duke**).
1. Consideration of Adoption of Proposed Section 70 – Fees. (**Matthew Stanley**).
- 1:35-3:00**
TIME CERTAIN IX. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)]. Petition Hearings are Public Before the Board with a Subsequent Closed Session.

- A. William J. Mattila – Petition for Reinstatement of Revoked Certificate.
- B. David Greenberg – Petition for Reinstatement of Revoked Certificate.
- C. Trudy Reed – Stipulated Settlement.
- D. Erin Decker – Stipulated Settlement.
- E. William F. Ying – Proposed Decision.
- F. William R. Murray – Default Decision.

X. Committee and Task Force Reports.

3:00-3:30

- A. Report of the Committee on Professional Conduct (CPC) **(Leslie LaManna, Chair)**.
 - 1. Report of the July 28, 2010 CPC Meeting.
 - 2. Consideration of Regulatory Language for Section 1.5 – Delegation of Certain Functions.
 - 3. Discussion on a Retired Option for CPA/PA License.
 - 4. Qualifications Committee (QC) Recommendation Regarding Defining Supervision in CBA Regulation Sections 12 and 12.5.
 - 5. QC Recommendation Regarding Further Defining General Accounting Experience in CBA Regulation Section 12.
- B. Report of the Enforcement Oversight Program Committee (EPOC) **(Herschel Elkins, Chair)**.

No report.

3:30-4:00

- C. Report of the Legislative Committee (LC) **(Sally Anderson)**.
 - 1. Report of the July 28, 2010 LC Meeting.
 - 2. Update on Bills on Which the CBA Has Taken a Position.
 - 3. SB 294 – Department of Consumer Affairs: Regulatory Boards.

4:00-4:10

- D. Report of the Accounting Education Committee (AEC) **(Ruben Davila, Chair)**.

- 1. Report of the June 23, 2010 AEC Meeting.
- E. Report of the Enforcement Advisory Committee (EAC)
(Harish Khanna, Chair).
- No report.
- 4:10-4:15 F. Report of the Ethics Curriculum Committee (ECC)
(Donald Driftmier, Chair).
- 1. Update on ECC Activities.
- G. Report of the QC **(Fausto Hinojosa, Chair).**
- No report.
- XI. Appeals – Personal/Written.
- A. Personal Appeals.
- None.
- 4:15-4:20 XII. Adoption of Minutes.
- A. Draft Minutes of the April 26, 2010 CBA Meeting.
- B. Draft Minutes of the May 12-13, 2010 CBA Meeting.
- C. Draft Minutes of the May 12, 2010 EPOC Meeting.
- D. Draft Minutes of the May 12, 2010 CPC Meeting.
- E. Draft Minutes of the May 12, 2010 LC Meeting.
- F. Draft Minutes of the April 8, 2010 AEC Meeting.
- 4:20-4:25 XIII. Other Business.
- A. American Institute of Certified Public Accountants (AICPA).
- 1. Update on AICPA State Board Committee **(Donald Driftmier).**
- B. National Association of State Boards of Accountancy (NASBA).
- 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force
(Patti Bowers/Sally Anderson).
- b. Board Relevance and Effectiveness Committee
(Marshal Oldman).
- c. Compliance Assurance Committee **(Robert Petersen).**
- d. Education Committee **(Leslie LaManna).**
- e. Global Strategies Committee **(Rudy Bermúdez/Angela Chi).**
- f. Uniform Accountancy Act Committee **(Donald Driftmier).**

4:25-4:30

XIV. Closing Business.

- A. CBA Member Comments.
- B. Comments from Professional Societies.
- C. Public Comments.
- D. Agenda Items for Future CBA Meetings.
- E. Press Release Focus **(Dan Rich).**
 - 1. Recent Press Releases.

XV. Adjournment.

Please note: Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak.



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
LEGISLATIVE COMMITTEE (LC)**

LC Meeting
Agenda

Wednesday, July 28, 2010
8:30 a.m.

The Holiday Inn Express
2224 Auburn Blvd.
Sacramento, CA 95821
Telephone: (916) 923-1100

(CBA members who are not members of the LC may be attending the meeting.)

- I. Draft Minutes of the May 12, 2010, LC Meeting (**Sally Anderson**).
- II. Update on Bills on Which the CBA Has Taken a Position (**Matthew Stanley**).
- III. SB 294- Department of Consumer Affairs: regulatory boards (**Matthew Stanley**).
- IV. Comments from Members of the Public.
- V. Agenda Items for Next Meeting.
- VI. Adjournment.

Action may be taken on any item on the agenda.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



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

**CPC Meeting
Agenda**

Wednesday, July 28, 2010
8:45 a.m. or
Upon Adjournment of LC Meeting

The Holiday Inn Express
2224 Auburn Blvd.
Sacramento, CA 95821
Telephone: (916) 923-1100

(CBA members who are not members of the CPC may be attending the meeting.)

- I. Draft Minutes of the May 12, 2010, CPC Meeting (**Leslie LaManna, Chair**).
- II. Consideration of Regulatory Language for Section 1.5 – Delegation of Certain Functions (**Matthew Stanley**).
- III. Discussion on a Retired Option for CPA/PA License (**Dominic Franzella/Cindi Fuller**).
- IV. Qualifications Committee (QC) Recommendation Regarding Defining Supervision in CBA Regulation Sections 12 and 12.5 (**Deanne Pearce/Fausto Hinojosa**).
- V. QC Recommendation Regarding Further Defining General Accounting Experience in CBA Regulation 12 (**Deanne Pearce/Fausto Hinojosa**).
- VI. Comments from Members of the Public.
- VII. Agenda Items for Next Meeting.
- VIII. Adjournment.

Action may be taken on any item on the agenda.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)

M e m o r a n d u m

CBA Agenda Item II.B.
July 28, 2010

To : CBA Members

Date : July 7, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674

From :  Manuel Ramirez, President

Subject : Peer Review Oversight Committee (PROC) Appointments

I am pleased to present for the CBA's consideration the attached Peer Review Oversight Committee (PROC) appointment recommendations. These recommendations are being made in consultation with Vice President, Ms. Sally Anderson, after considering the needs of the committee.

After reviewing the résumés and qualifications, Ms. Anderson and I recommend the following candidates to serve on this committee, with Ms. Nancy Corrigan serving as Chair.

- Nancy J. Corrigan, CPA, Partner, Jeffrey, Corrigan & Shaw, LLP
- Katherine Allanson, CPA
- Gary J. Bong, CPA, Partner, Macias, Gini & O'Connell, LLP
- T. Ki Lam, CPA, Audit Partner, Vavrinek, Trine, Day & Co., LLP
- Robert A. Lee, CPA, Robert Lee & Associates, LLP
- Sherry L. McCoy, CPA, Partner, McGladrey & Pullen, LLP
- Seid Sadat, CPA, Partner, Magidoff, Sadat & Gilmore, LLP

Attachments

Memorandum

CBA Agenda Item II.C.
July 28, 2010

To : CBA Members

Date : July 12, 2010

Telephone : (916) 561-4310

Facsimile : (916) 263-3672

E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager
Renewal/Continuing Competency & Client Services Units

Subject : Update on Peer Review Implementation

In an effort to continue to supply updates on peer review implementation activities, staff have provided this memorandum highlighting key topics where actions have occurred since the May California Board of Accountancy (CBA) meeting – specifically, regulations, notifying licensees, and peer review database development.

Regulations

At the May 2010 CBA meeting, members took action to formally readopt the emergency regulations for peer review. This allowed staff to submit a request to the Office of Administrative Law (OAL) for a 90-day extension of the emergency regulations. OAL notified the CBA on June 21st that it approved the 90-day extension request. As a result, the emergency peer review regulations will remain in effect until September 28, 2010. Staff will diligently monitor this timeframe to determine if another 90-day extension request is necessary. Should this situation arise, staff will submit an additional 90-day extension, which the CBA delegated authority to its Executive Officer to do at the May meeting.

The Certification of Compliance rulemaking file, which is the file to make the emergency regulations permanent, has been reviewed by both the Department of Consumer Affairs (DCA) and the State and Consumer Services Agency (Agency) and is presently pending review by the Department of Finance (Finance). Once the fiscal/economic impact statement is reviewed and signed off on by Finance, staff will submit the Certification of Compliance rulemaking file to the Office of Administrative Law (OAL).

The regular rulemaking file, which promulgates the remaining handful of peer review regulations, is presently pending review by Agency. Prior to staff's submission of the rulemaking file to OAL, Finance will need to review and sign off on the fiscal/economic impact statement.

Update on Peer Review Implementation

Page 2 of 2

Notifying Licensees

Since the May meeting, staff have developed and disseminated two additional materials regarding peer review. First, as part of the Spring 2010 *UPDATE*, staff included a one-page article titled “What You May Not Know About Peer Review.” Staff targeted the article towards accounting firms that do not presently voluntarily participate in the American Institute of Certified Public Accountants (AICPA) Peer Review Program. In the article, staff touched on the fact that all accounting firms will have a reporting requirement to the CBA regardless of whether they were required to undergo peer review, while also highlighting that the reporting requirement will occur separate from the time of license renewal. The article also indicated the phase-in period and provided contact information for the AICPA and California Society of Certified Public Accountants peer review program.

The second piece of notification was a two-page letter (**Attachment**) sent to all licensees with a license number ending in 01-33 – just over 28,000 licensees. Staff contracted with the Office of State Printing to generate and mail the letters, with the letters being mailed on **July 1, 2010**.

The primary purpose for the letter was to put this first group of licensees on notice that they will be required to report peer review information to the CBA no later than July 1, 2011. The letter provided them with information on the two ways to meet the reporting requirement – on-line or via the hardcopy *Peer Review Reporting Form*. In the letter, staff provided licensees with a unique pin number for access into the on-line reporting option.

Peer Review Database Development

The on-line peer review reporting portion of the peer review database went live on July 1st. This on-line reporting option will allow licensees to quickly and easily complete the required *Peer Review Reporting Form*. Once completed, licensees will be able to print a copy of the form for record keeping purposes.

Although the CBA’s Information Technology (IT) staff have completed this first portion of the database, there still exists a considerable amount of work left to complete the database. The IT staff will now focus on the internal portion of the database which will allow staff to search and query records and run vital reports on reported peer review information.

Again, staff will continue to inform members regarding the activities and progress of peer review implementation.

Attachment



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
SACRAMENTO, CA 95815-3832
TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



July 2010

ATTACHMENT

Name
Address
City, State Zip

Dear (Firm or Full Licensee Name):

On January 1, 2010, mandatory peer review became effective for all California-licensed firms, including sole proprietorships, performing specified accounting and auditing services. You are receiving this letter because you have been identified as having a license number ending in 01-33, which places you in the first group of licensees required to report peer review information to the California Board of Accountancy (CBA) **no later than July 1, 2011.**

The requirement to undergo a peer review applies to all California-licensed firms, including sole proprietorships, that perform one or more accounting and auditing service using any of the following professional standards:

- Statements on Auditing Standards (SASs);
- Statements on Standards for Accounting and Review Services (SSARS);
- Statements on Standards on Attestation Engagements (SSAEs);
- Government Auditing Standards (Yellow Book);
- Audits of non-Security Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB).

The only exclusions from the peer review requirement are for any of a firm's engagements subject to inspection by the PCAOB's inspection program; and firms, which as their highest level of work, perform only compilations where no report is issued in accordance with the provisions of SSARS.

Though the requirement to undergo peer review applies only to firms, the CBA does not maintain a listing of Certified Public Accountants operating as sole proprietorships. As such, all licensees receiving this letter are required to respond, even if only to inform the CBA you are not operating as a sole proprietorship and are therefore not subject to the peer review requirement. Likewise, firms not performing the specified accounting and auditing services also must respond in order that the CBA can evaluate the applicability of peer review to the services provided by each firm.

The CBA has developed a peer review reporting database, available on the CBA Web site at www.cba.ca.gov, where you can log-in and fulfill your peer review reporting requirement by simply answering a few questions and submitting your information.

Please find below your license number and unique pin number. It is very important that you maintain this information as it is required for logging into the reporting database.

License #: Pin:

You will only be able to log-in to the database one time, so it is also important that you complete the reporting process in its entirety when you log-in, which should require no more than 10 minutes of your time. As an alternative, you may elect to report the required peer review information in hard copy by downloading a copy of the *Peer Review Reporting Form*, from the forms page of the CBA Web site or requesting it from the CBA by telephone at (916) 561-1706 or by e-mail at peerreviewinfo@cba.ca.gov.

Please remember that firms that have received a substandard peer review rating are required to submit a copy of the peer review report to the CBA, along with any materials documenting prescription of and compliance with remedial or corrective actions, within 45 days after the report is accepted by the Board-recognized peer review program provider. Firms that have received a peer review rating of pass or pass with deficiencies are not required to submit a copy of the peer review report.

Presently, the only peer review program recognized by the CBA to perform peer reviews is the American Institute of Certified Public Accountants (AICPA). If you have any questions regarding the peer review process, please contact the California Society of Certified Public Accountants, the administering entity of the AICPA's peer review program in California, by telephone at (650) 802-2486 or by e-mail at peerreview@calcpa.org.

If you have any questions regarding your peer review reporting requirements, please contact the CBA via telephone at (916) 561-1706.

Sincerely,

Patti Bowers
Executive Officer

M e m o r a n d u m

CBA Agenda Item II.D.
July 28, 2010

To : CBA Members

Date : July 13, 2010

Telephone : (916) 561-1716

Facsimile : (916) 263-3674


From : Veronica Daniel
Executive Analyst

Subject : Consideration of Modification to Executive Officer's Delegation of Authority

At its May 2010 meeting, the California Board of Accountancy (CBA) adopted a modification of language to clarify the specific authority delegated by the CBA to the Executive Officer. It was suggested by Deputy Attorney General, Scott Harris, that there may be a loophole in the way the language was drafted. CBA staff have prepared the attached delegation to incorporate further clarifying language as suggested by Mr. Harris, for CBA consideration.

Gary Duke of the DCA Legal Office will be available at the CBA meeting to answer any questions.

Attachment

DELEGATION OF AUTHORITY:
RESPONSIBILITIES, DUTIES & FUNCTIONS OF EXECUTIVE OFFICER

Pursuant to the provisions of Section 7 of the Government Code and Section 10 of the Business and Professions Code, Ms. Patti Bowers, Executive Officer, California Board of Accountancy (CBA), is hereby delegated the authority to act on behalf of the CBA in respect to all administrative and enforcement activities entered into by the CBA. Patti Bowers, as "Executive Officer," is specifically delegated authority to sign accusations and subpoena requests on behalf of the CBA, and is delegated other broad administrative authorities.

In addition, Ms. Bowers is specifically delegated authority to agree to and accept any stipulated settlement on behalf of the CBA that provides for an interim suspension order, suspending the license of a Certified Public Accountant, pending the conclusion of a criminal action and administrative hearing concerning the licensee.

The power, discretion and duties conferred by law upon the CBA to receive and respond to a petition requesting the adoption, amendment, or repeal of a regulation as provided under Section 11340.7 of the Government Code are hereby delegated to and conferred upon Ms. Bowers.

Nothing herein prohibits Ms. Bowers from delegating her authority to subordinates as provided in Section 18572 of the Government Code.

This delegation of authority revokes any prior delegation of authority issued regarding the above matter and shall remain in effect until revoked or superseded by a later delegation of authority.

Executed this ____ day of July, 2010, in Sacramento, California.

Manuel Ramirez
CBA President

Memorandum

CBA Agenda Item IV.A.
July 28, 2010

To : CBA Members

Date : June 30, 2010

Telephone : (916) 561-1718

Facsimile : (916) 263-3674


From : Marshal Oldman
Secretary/Treasurer

Subject : Discussion of the FY 2010/11 Governor's Budget

The FY 2010/11 Governor's Budget includes a \$10 million loan to the General Fund from the Accountancy Fund Reserve (Reserve). The Department of Consumer Affairs (DCA) has informed staff that this is a two-year loan which will be repaid at the beginning of FY 2012/13. Attachment 1 indicates the exact repayment date of the loan. Additionally, in FY 2011/12, the California Board of Accountancy (CBA) will be implementing a renewal fee reduction to reduce the Reserve to mandated 9-month levels. Projections of the Reserve in Attachment 2 include the impact of both the \$10 million loan to the General Fund and the renewal fee reduction. Reserve levels will remain solvent through the duration of the loan and it is anticipated that when the renewal fees return to \$200 in FY 2015/16, the Reserve will be near the 9-month mandated level.

Staff will be available at the Board Meeting to answer any questions you may have.

Attachments

Senate Budget and Fiscal Review—Denise Moreno Ducheny, Chair

SUBCOMMITTEE NO. 4

Agenda

Senator Mark DeSaulnier, Chair
Senator Tom Harman
Senator Gloria Negrete McLeod



Agenda Part "A"

Wednesday, May 19, 2010
1:30 p.m.
Room 112

Consultant: Brian Annis

<u>Item Number and Title</u>	<u>Page</u>
Vote Only Departments	
Various Departments – Loans to the General Fund	1
Departments with issues to be heard	
0971 California Alternative Energy and Advanced Transportation Financing Authority	2
9100 Tax Relief	3
9350 Shared Revenues	3
8885 Commission on State Mandates	5
Updated Draft trailer bill language for Mandate Redetermination	10

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling 916-324-9335. Requests should be made one week in advance whenever possible.

Vote Only Items

Special Fund Loans to the General Fund (Various Departments)

Governor's Request. The Governor's May Revision requests various new special fund loans to the General Fund and also proposes to extend loan repayment dates for existing special fund loans to the General Fund. These loans and repayment extensions impact a number of departments in the jurisdiction of this Subcommittee. The proposed new loans in 2010-11 total \$70 million and repayment deferrals total \$24 million. Figures 1 and 2 below provide further detail regarding these loans and repayment extensions.

Figure 1 - 2010-11 Special Fund Loans to GF

Department	Fund	Amount	Repayment
Secretary of State	Victims of Fraud Compensation Fund	\$10 million	n/a
California Tax Credit Allocation Committee	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$25 million	July 15, 2013
California Tax Credit Allocation Committee	Tax Credit Allocation Fee Account	\$25 million	July 15, 2013
Department of Consumer Affairs	Accountancy Fund, Professions and Vocations Fund	\$10 million	June 30, 2012

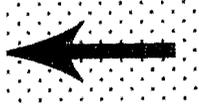


Figure 2 - 2008 Budget Act Special Fund Loans to GF: Repayment Extensions

Department	Fund	Amount	Extension
California Tax Credit Allocation Committee	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$10 million	From June 30, 2011 to July 15, 2013
California Tax Credit Allocation Committee	Tax Credit Allocation Fee Account	\$10 million	From June 30, 2011 to July 15, 2013
California Debt and Investment Advisory Committee	California Debt and Investment Advisory Committee Fund	\$2 million	From June 30, 2011 to July 15, 2013
California Debt Limit Allocation Committee	California Debt Limit Allocation Committee Fund	\$2 million	From June 30, 2011 to July 15, 2013

Committee Questions:

1. LAO – Does the Analyst have any concerns with these loans?

Staff Recommendation. Approve the loan requests.

Vote:

ATTACHMENT 2

California Board of Accountancy Fund Condition Analyses

Fund Condition With Temporary Fee Reductions

	CY 09/10	10/11	11/12 ^[3]	12/13 ^[3]	13/14 ^[3]	14/15 ^[3]	15/16 ^[4]
Beginning Reserves	\$15,693,000 ^[1]	\$16,916,000	\$17,694,000	\$15,412,026	\$12,993,173	\$10,727,034	\$8,191,895
Total Revenues ^[2]	\$12,971,000	\$13,255,000	\$10,421,026	\$10,577,147	\$10,797,861	\$10,795,861	\$14,581,200
Total Expenditures	\$11,748,000	\$12,477,000	\$12,703,000	\$12,996,000	\$13,064,000 ^[5]	\$13,331,000	\$13,601,000
Projected Reserves	\$16,916,000	\$17,694,000	\$15,412,026	\$12,993,173	\$10,727,034	\$8,191,895	\$9,172,095
Months In Reserve (Reserve)	16.3	16.7	14.2	11.9	9.7	7.2	8.0

Fund Condition With Temporary Fee Reductions and Loan To The General Fund

	CY 09/10	10/11	11/12 ^[3]	12/13 ^[3]	13/14 ^[3]	14/15 ^[3]	15/16 ^[4]
Beginning Reserves	\$15,693,000 ^[1]	\$16,916,000	\$7,694,000	\$5,412,026	\$12,993,173	\$10,727,034	\$8,191,895
Loan to General Fund / Repayment		-\$10,000,000		\$10,000,000			
Adjusted Reserve	\$15,693,000	\$6,916,000	\$7,694,000	\$15,412,026	\$12,993,173	\$10,727,034	\$8,191,895
Total Revenues ^[2]	\$12,971,000	\$13,255,000	\$10,421,026	\$10,577,147	\$10,797,861	\$10,795,861	\$14,581,200
Total Expenditures	\$11,748,000	\$12,477,000	\$12,703,000	\$12,996,000	\$13,064,000 ^[5]	\$13,331,000	\$13,601,000
Projected Reserves	\$16,916,000	\$7,694,000	\$5,412,026	\$12,993,173	\$10,727,034	\$8,191,895	\$9,172,095
Months in Reserve (Reserve)	16.3	7.3	5.0	11.9	9.7	7.2	8.0

Footnotes:

1. Data obtained from DCA Fund Condition Projections Statement February 16, 2010.
2. Total revenues reflect workload figures projected by the CBA assuming a nominal 3 percent per year increase.
3. Pending regulations will reduce renewal and licensing fees from \$200 to \$120 in FY 2011/12 through FY 2014/15.
4. Renewal and initial licensing fees will revert back to their previous levels of \$200 in FY 2015/16.
5. Two Limited-Term Positions removed as part of the SB 819 bill (-\$212,000).

Memorandum

CBA Agenda Item V.B
July 28, 2010

To : CBA Members

Date: July 14, 2010
Telephone : (916) 561- 1789
Facsimile : (916) 263- 3675
E-mail : lhersh@cba.ca.gov

From : Lauren Hersh
Information & Planning Manager

Subject : Update on 2010-2012 CBA Communications and Outreach Plan

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

Staff Outreach Committee

- The staff Communications & Outreach Committee has been renamed the Outreach Committee (OC) for ease of reference, and will be referred to as such in future communications.
- As indicated at the May CBA meeting, the OC has identified a focus for the coming months included in the Communications & Outreach Calendar, with June yet to be determined. Each outreach focus was chosen as a result of research; for instance, outreach to students is designed to precede the annual spike in exam applications, outreach to seniors was selected during Consumer Protection Month, when the opportunities to piggyback onto DCA's senior outreach activities would be greatest. An updated calendar has been provided here as an attachment.
- The OC has been focusing on social media to enhance the CBA's outreach to stakeholders, including appropriate use of Facebook, Twitter, LinkedIn and other online communication channels. The Committee expects to make its initial presentation to the staff Executive Leadership by the end of July and hopes to present its social media plan to the CBA at the September meeting, with a planned November rollout, if approved. The OC was able to secure the user name "CBANews" for both the Facebook and Twitter accounts.

Radio advertising

- Following numerous issues in securing completed and approved contracts, staff determined that by replicating the successful contract which enabled the CBA to advertise in Sacramento to support peer review legislation in 2009, the CBA would be better able to secure the radio advertising necessary to educate consumers and licensees about the role of the CBA, mandatory peer review and drive listeners to the CBA Web site. The advertising was planned to run in July and August in Los Angeles, Sacramento, San Diego and San Francisco. At this writing, the contracts are being held by DCA until passage of a new state budget. The underwrite language, which has a 40 word limit, is as follows: "Programming is supported by the California Board of Accountancy, helping protect California consumers by ensuring only qualified licensees practice public accountancy. More about California's new mandatory peer review law is online at C B A dot C A dot gov." Staff will provide CBA members with a broadcast schedule and audio samples for each of the markets once the contracts are approved and the schedules are confirmed.
- In order to avoid further contract difficulties in obtaining needed advertising services in the future, staff plans to put forth a Request For Proposal to secure a multi-year contract for comprehensive advertising and public relations services from qualified advertising agencies, much as Contractors State License Board and Bureau of Automotive Repair have done. Since the CBA is constrained from entering into such contracts during the current state budget crisis, staff expects to pursue this avenue after a new state budget is in place.

UPDATE

- The draft of the Fall edition of UPDATE is currently in production, and staff expects the draft copy to be available for the CBA President's review before the end of July.
- This Fall edition will include a new feature, highlighting CBA member profiles. This first installment will include all CBA members, replicating what is on the CBA Website. Beginning with the winter edition, the Member Profile page will include profiles of new members only.
- At present, DGS has indicated that OSP will continue to process printing orders but that could change should the budget stalemate continue.

E-News

- E-News now has 1682 unique subscribers, and staff are beginning to field occasional phone calls from readers responding to content. The table below indicates the number of subscribers by areas of interest, with many subscribers choosing more than one area of interest. The subscription list

2010 Communications & Outreach Plan

continues to grow slowly, but steadily. Staff hopes to increase E-News exposure through use of social media in the future.

E-News Statistics

As of	List Name	External	Internal	Total
6/24/2010	California Licensee	1472	28	1500
	Consumer Interest	725	34	759
	Examination Applicant	324	26	350
	Licensing Applicant	422	27	449
	Out-of-State Licensee	325	25	350
	Statutory/Regulatory	1261	34	1295
	CBA Meeting Information & Agenda Materials	201	15	216
	Total Subscribers	1638	44	1682

- In June, staff utilized E-News for the first time to advertise the continuous testing for ICPAs in the Enforcement Division, and E-News is being considered as a channel to reach licensees.

Press Releases

Seven press releases were issued since the May CBA meeting, including Enforcement Actions, the CBA's seeking of legal clarification regarding the posting of formal accusations to the Web, and the first Peer Review Notification being distributed to approximately 28,000 licensees.

Brochures

The Consumer Assistance Booklet has been updated and posted on the CBA Web site. A complete revise is planned for later this year.

Staff are available to answer any questions CBA members may have regarding this update.

JULY 2010

Attachment

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 *Post Peer Review reporting form on Web site	2 E-News alert re: Peer Review reporting form posting	3
4	5	6	7	8 Outreach Committee meeting	9 Peer Review/ENews notification press release	10
11	12	13	14	15	16	17
18	19 Pre-CBA meeting press release	20 E-News Alert re: pre-CBA meeting press release	21	22 Outreach Committee meeting	23	24
25	26	27 E-News alert re CBA meeting	28 CBA meeting Webcast	29 ▪Post-meeting press release ▪E-News Alert re: post-meeting press release	30	31

Notes:

*Peer Review notification and reporting form to be sent to licensee #01-33 (Approximately 28,000)

Related Activities: July 1, 2, 6

E-News Alerts sent throughout the month

July Focus: Peer Review

AUGUST 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4 E-News Alert re:EAC meeting	5 EAC meeting	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30 Enforcement action press release	31 E-News Alert re: Enforcement action press release				

Notes:

E-News Alerts sent throughout the month

August Focus: Peer Review

SEPTEMBER 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13 Pre-CBA meeting press release	14 E-News Alert re: Pre-CBA meeting press release	15	16	17	18
19	20	21	22 E-News alert: CBA meetings	23 CBA Meeting Webcast	24 CBA Meeting Webcast	25
26	27 Post-CBA meeting press release	28 E-News Alert re: Post-CBA meeting press release	29	30 UPDATE mailout and Website post		

Notes:

E-News Alerts sent throughout the month

September Focus: Licensing Applicant

OCTOBER 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 *E-News alert	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18 Pre-CBA conference press release	19 E-News alert re:QC meeting	20 QC meeting	21	22	23
24	25 Enforcement action press release	26 E-News Alert re: ▪Enforcement action press release ▪CBA conference notice	27 CBA Conference	28	29	30
31						

Notes:

E-News Alerts sent throughout the month

October Focus:Licensing Applicant

NOVEMBER 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Post-CBA conference press release	2 E-News Alert re: Post CBA conference press release	3	4	5	6
7	8 Pre-meeting press release	9 E-News re: pre-meeting press release	10	11	12	13
14	15	16	17 E-News alert re: CBA meetings	18 CBA meeting Webcast	19 CBA meeting Webcast	20
21	22 Post-meeting press release	23 E-News re: post-meeting press release	24	25	26	27
28	29	30				

Notes:
E-News Alerts sent throughout the month

November Focus: Social Media Kickoff

DECEMBER 2010

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20 Enforcement action press release	21 E-News Alert re: Enforcement action press release	22	23	24	25
26	27	28	29	30	31	

Notes:
E-News Alerts sent throughout the month

December Focus: Social Media Kickoff

Memorandum

CBA Agenda Item V.C.
July 28, 2010

To : CBA Members

Date : July 7, 2010

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : vdaniel@cba.ca.gov

From : 
Veronica Daniel
Executive Analyst

Subject : Update on October 27, 2010 CBA Working Conference

Staff have begun preparations for the October 27, 2010 CBA Working Conference in Southern California. The location will be announced once the hotel contract is finalized. A facilitator for this event has been secured through the Department of Consumer Affairs' SOLID Training Solutions, at no cost to the CBA.

The current DRAFT agenda for the working conference is attached for reference. Please review the agenda items and advise me of any additional suggested topics of interest or discussion.

If you have any questions or concerns, please contact me at the telephone number or email address listed above.

Attachment



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



Attachment

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

CBA WORKING CONFERENCE
AGENDA

DRAFT AS OF
7-7-10

Wednesday, October 27, 2010
10:00 a.m. – 3:00 p.m.

Location: TBD, Southern CA

- | | |
|-------------|--|
| 10:00-10:30 | I. Welcome, Introductions, Overview. |
| 10:30-11:30 | II. Organization of the CBA. |
| | A. Enforcement Reorganization. |
| | B. Licensing Reorganization. |
| 11:30-12:30 | III. NASBA Presentations. |
| | A. Mobility (Ken Bishop). |
| | B. Accountancy Licensee Database (Sandra Davidson). |
| 12:30-1:30 | LUNCH |
| 1:30-2:30 | IV. Budgeting Discussion. |
| 2:30-3:00 | V. Closing Comments. |
| | VI. Adjournment. |

Please note: Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak.

Memorandum

CBA Agenda Item V.D.

July 28, 2010

To : CBA Members

Date : July 2, 2010

Telephone : (916) 561-1731

Facsimile : (916) 263-3673

E-mail : rixta@cba.ca.gov

From : Rafael Ixta, Chief
Enforcement Division

Subject : Mail Voting Process

Attached is a memorandum with supporting documentation from Brian Stiger, Director Department of Consumer Affairs. The memo encourage boards to implement electronic mail voting procedures to vote on disciplinary actions.

Electronic mail voting processes offers a number of benefits including:

- Reduced time for disciplinary action to be completed
- Increased security
- Increased accessibility and ease of use for board members
- Elimination of paper documents

At the meeting, I will provide an overview of the electronic mail voting processes and be available to answer questions.

Should the CBA decide to proceed with electronic mail voting, draft mail voting policies and procedures will be presented to the board for consideration at a future meeting this year.

Attachments

To: All DCA Executive Officers:

From: Brian Stiger, Director

As part of the enforcement process, boards are specifically authorized to vote disciplinary cases by mail or other appropriate method. (Government Code section 11526.) These processes have proven effective in allowing disciplinary decisions to proceed in a timely manner, particularly between board meetings. In order to further reduce delays in the time it takes to make a decision become effective, the Department of Consumer Affairs (DCA) encourages boards to implement electronic mail voting procedures to vote on disciplinary actions. Additionally, each board should verify that its mail voting policy and procedures are current and thorough.

Electronic Mail Voting Process

Electronic mail (e-mail) voting process offers a number of benefits including:

- Reduced time for disciplinary actions to be completed
- Increased security
- Increased accessibility and ease of use for board members
- Elimination of paper documents

The Medical Board, Physician Assistant Committee, and the Board of Podiatric Medicine have been using electronic mail voting processes for some time. The Board of Pharmacy is in the process of procuring a system that will be maintained by the Office of Information Services (OIS) that can accommodate additional boards who purchase the needed software. Boards seeking to implement electronic mail voting should contact the OIS or, if the board uses the Medical Board's services, the Medical Board, as appropriate.

Mail Voting Policies and Procedures

DCA recommends that any board using a mail voting process, whether it is electronic or hard copy, have a written policy and procedures. Including such a policy and procedures in the staff's procedure manual will further ensure the accuracy and integrity of the voting process. The procedures are for use by staff and they should be based on a policy approved by the board. The essential provisions of a sound mail voting policy and procedure are set forth in the attached guideline. DCA recommends each board review its policies and procedures to determine if they require updating.

Attachment

Guideline for Mail Voting Policy and Procedures

A sound mail (including e-mail) voting policy and procedure should include the following essential provisions:

Mail Voting Policy and Board Members' Roles:

The board should adopt a mail voting policy during the open session of a board meeting. The policy should address when a mail vote case will be held for discussion at a board meeting and, in particular, the number of votes required to hold a case for discussion during closed session (some boards may have specific statutes). The two model ballots attached to this guideline reflect slightly different hold policies that are explained on the reverse of each model ballot. Although the board may change the number, both of the model ballots proposes that if 2 members vote to hold a case for closed session, the case will be held.

The mail voting policy should provide that board members will vote and provide their responses to staff within 14 calendar days of receiving a ballot.

The mail voting policy, and the board's administrative procedure manual, if any, should provide that if a board member fails to timely return mail ballots, that information will be provided to the board's president.

The mail voting policy should provide that if staff receives sufficient votes to hold a proposed decision for discussion, but a board meeting is not scheduled before the 100 days expire, a meeting will be scheduled to discuss the case, by teleconference if necessary. The board members should vote on each case consistent with each board's statutory mandate to protect the public.

Mail Voting Procedure for Board Staff:

The board's mail voting procedure should be based on and be consistent with the board's mail voting policy. As board staff receive cases for board vote, staff should immediately review each case. If there are clerical or typographical errors in the decision, or minor changes that must be made within 15 days after a proposed decision was issued, those can be discussed with the board's attorney as necessary.

Cases should be transmitted to the board members no more than 5 business days after they are ready for consideration (i.e., receipt of a proposed decision or a signed stipulation). The board should use a consistent ballot form for transmitting the cases to board members. (As referenced above, model mail ballots are attached.)

Board staff should not speak to board members regarding the substance of a proposed or default decision. Board member questions regarding a proposed or default decision should be directed to the board's assigned attorney. Staff will forward the board member's questions with a copy of the underlying decision to the attorney. Board member questions about a stipulated decision may be answered by staff advocating in favor of the stipulated decision. The board's voting policy should be addressed in their

Administrative Procedure Manual.

Board staff should keep records of each board member's vote and the outcome of the vote with detail of the votes, e.g., 4 to adopt, 1 to reject or non-adopt and 1 recusal. Board staff should also keep records of each vote, including the date received, the vote itself (adopt, reject, hold, recuse etc.) and a copy or a summary of any comments provided. These records should be retained in accordance with the board's approved Records Retention Policy. Such records are confidential and not subject to disclosure under the Public Records Act. (Government Code sections 6254(k), 11126.1, and 11526.)

Board staff should provide a copy of the board's mail voting policy to each board member.

Attachments:
Model Ballots

To: All Board Members

MODEL WITH SEPARATE HOLD PROVISION

From: Enforcement Staff

Date:

Re: Mail Ballot for **[FIRST] [LAST], LICENSE NO.** _____, **Case No.** _____

THIS MAIL BALLOT MUST BE RETURNED NO LATER THAN: _____.

(If not timely returned, your vote may not count or the board may lose jurisdiction to act.)

Please review the attached documents and vote on the above case. Upon completion of this mail ballot, please return it to me in the enclosed envelope or fax it to me at _____ by the date noted above. You may also email your vote to _____@dca.ca.gov, but be sure to include the person's name, license number (if any) and case number involved along with your vote.

The decision presented is a:

Proposed Decision

The board will lose jurisdiction to act on _____. (Gov't Code § 11517(d).)

Stipulated Decision

Default Decision

If you have procedural questions about the decision, please contact _____. For questions about a default or proposed decision, please contact _____, the board's assigned attorney, at (916) 574-8220.

BOARD MEMBER BALLOT

(Part A: Choose one option)

I VOTE TO ADOPT. Choose this option if you accept the decision as written.

I VOTE TO REJECT/ NON-ADOPT. Choose this option if you have questions or concerns about the decision. Record your questions or concerns to facilitate any closed session discussion:

I RECUSE MYSELF from this case because _____.

(Part B: Optional)

HOLD FOR DISCUSSION at the next board meeting. Mark your ballot above regardless of whether you request to hold. If you voted to reject, you may also wish to hold the case. If you did not do so above, record your questions or concerns here:

Date

Board Member's Signature

Printed Name

EXPLANATION OF MAIL BALLOT TERMS

PROPOSED DECISION:

Following a hearing, the administrative law judge drafts a proposed decision recommending an outcome based on the facts and the board's disciplinary guidelines. At its discretion, the board may impose a lesser penalty than that in the proposed decision. If the board desires to increase a proposed penalty, however, it must vote reject / non-adopt the proposed decision, read the transcript of the hearing and review all exhibits prior to acting on the case.

DEFAULT DECISION:

If an accusation mailed to the last known address is returned by the post office as unclaimed, or if a respondent fails to file a Notice of Defense or fails to appear at the hearing, the respondent is considered in default. The penalty in a case resolved by default is generally revocation of the license. A default decision can be set aside and the case set for hearing if the respondent petitions the decision be vacated or petitions for reconsideration or moves to vacate the decision before the effective date of the decision and the board grants the request or motion.

STIPULATED DECISION:

At any time during the disciplinary process, the parties to the matter (the Executive Officer and the respondent) can agree to a disposition of the case. With the Executive Officer's consent, the Deputy Attorney General can negotiate a stipulated decision (also referred to as a stipulated agreement) based on the board's disciplinary guidelines. The board may adopt the stipulated decision as proposed, may counter-offer and recommend other provisions, or may reject the agreement. If respondent declines to accept a proposed counter-offer, the case continues to a hearing.

ADOPT:

A vote to adopt the proposed action means that you accept the action as presented.

REJECT / NON-ADOPT:

A vote to reject / non-adopt the proposed action means that you disagree with one or more portions of the proposed action and do not want it adopted as the board's decision. This vote should be used if you believe an additional term or condition of probation should be added (or deleted), or would otherwise modify the proposed penalty.

If a **proposed decision** is rejected / non-adopted, the transcript and exhibits will be ordered and the case scheduled for argument according to law and board policy. After reviewing the record, the board may adopt the decision as previously written or modify the decision as it deems appropriate, except that a cost recovery order may not be increased. If a **stipulated decision** is rejected, the case will be set for hearing unless a counter offer is made during a closed session.

RECUSE:

Mark this box if you believe you cannot participate in making the decision because you have a specific conflict. Common examples are if the person is a member of your family, a close personal friend, business partner or you have independent knowledge of the facts of the case. If you are unsure if you should recuse yourself, you should contact the assigned board counsel.

HOLD FOR DISCUSSION:

In addition to voting, you should mark this box if you have a question or concern about the decision and would like to discuss the matter with fellow board members during a closed session. If you vote to reject, you may also wish to hold the case. TWO votes must be received to hold a case. If the case is a **stipulated decision**, the staff can explain why they entered into the agreement. If the case is a proposed or default decision, you may contact the board's assigned counsel to discuss the merits of the case.

To: All Board Members

MODEL WITH REJECT/HOLD COMBINED

From: Enforcement Staff

Date:

Re: Mail Ballot for **[FIRST] [LAST], LICENSE NO.** _____, **Case No.** _____

THIS MAIL BALLOT MUST BE RETURNED NO LATER THAN: _____.

(If not timely returned, your vote may not count or the board may lose jurisdiction to act.)

Please review the attached documents and vote on the above case. Upon completion of this mail ballot, please return it to me in the enclosed envelope or fax it to me at _____ on or before the date noted above. You may also email your vote to _____@dca.ca.gov, but be sure to include the name, license number and case number involved along with your vote.

The decision presented is a:

Proposed Decision

The board will lose jurisdiction to act on _____. (Gov't Code § 11517(d).)

Stipulated Decision

Default Decision

If you have a question about a stipulated decision, please [reply to this e-mail or] contact _____. For questions about a proposed or default decision, please contact _____, the board's assigned attorney, at (916) 574-8220.

**BOARD MEMBER BALLOT
(Choose one option)**

I VOTE TO ADOPT. Choose this option if you accept the decision as written.

I VOTE TO REJECT / NON-ADOPT **OR** HOLD FOR DISCUSSION at the next Board meeting. Choose this option if you have questions or concerns about the decision. Record your questions or concerns here to facilitate the discussion:

I RECUSE MYSELF from this case because _____.

Date

Board Member's Signature

Printed Name

EXPLANATION OF MAIL BALLOT TERMS

PROPOSED DECISION:

Following a hearing, the administrative law judge drafts a proposed decision recommending an outcome based on the facts and the board's disciplinary guidelines. At its discretion, the board may impose a lesser penalty than that in the proposed decision. If the board desires to increase a proposed penalty, however, it must vote to reject / non-adopt the proposed decision, read the transcript of the hearing and review all exhibits prior to acting on the case.

DEFAULT DECISION:

If an accusation mailed to the last known address is returned by the post office as unclaimed, or if a respondent fails to file a Notice of Defense or fails to appear at the hearing, the respondent is considered in default. The penalty in a case resolved by default is generally revocation of the license. A default decision can be set aside and the case set for hearing if the respondent requests the decision be vacated or reconsideration before the effective date of the decision and the Board grants the request or motion.

STIPULATED DECISION:

At any time during the disciplinary process, the parties to the matter (the Executive Officer and the respondent) can agree to a disposition of the case. With the Executive Officer's consent, the Deputy Attorney General will negotiate a stipulated decision (also referred to as a stipulated agreement) based on the board's disciplinary guidelines. The board may adopt the stipulated decision as proposed, may counter-offer and recommend other provisions, or may reject the agreement. If respondent declines to accept a proposed counter-offer, the case continues to hearing.

ADOPT:

A vote to adopt the proposed action means that you accept the action as presented.

REJECT / NON-ADOPT or HOLD FOR DISCUSSION:

A vote to reject / non adopt the proposed action or hold a decision for discussion means that you either 1) disagree with one or more portions of the proposed action and do not want it adopted as the board's decision or 2) you have a question or concern about the decision and would like to discuss the matter with fellow board members. This category should be used if you believe an additional or a different term or condition of probation should be added (or deleted), or that the penalty should be modified in any way.

If at least two votes in this category are received, the case will be held for the board to consider and discuss in closed session.

RECUSE:

Mark this box if you believe you cannot participate in making the decision because you have a specific conflict. Examples are if the person is a member of your family, a close personal friend, or business partner, or you have independent knowledge of the facts of the case. If you are unsure if you should recuse yourself, you should contact the assigned board counsel.

**CALIFORNIA BOARD OF ACCOUNTANCY
CURRENT PROJECTS LIST**

DIVISION: Administration

DATE: May 3, 2010

**CBA Agenda Item V.E
July 28, 2010**

PROJECT TITLE/DESCRIPTION	START DATE	ESTIMATED FINISH DATE	UNIT/STAFF ASSIGNED	STATUS/COMMENTS
Develop a continuing education database	9/1/2008	7/30/2010 7/1/2010 4/1/2010	IT/Hansen	Revising to integrate with redesign of Licensing Databases/Peer Review System.
Revise Consumer Assistance Booklet	3/30/2010	8/27/2010 4/30/2010	Hersh	Interim edits finalized. Re-write in progress.
Fingerprinting Regs	2/27/2009	9/1/2010 5/30/2010 9/30/2009	Stanley	Awaiting outcome of Senate Bill 389
Fall 2010 UPDATE	5/24/2010	9/30/2010	Hersh/ Dobson	
E-mail client standardization and migration project	1/2/2009	11/30/2010 TBD 4/30/2009	IT/Hansen	Affected by Executive Order. State CIO contracting for CA shared e-mail system. Phase I started - moving to outlook client.
Coordinate the scheduling of phase 2 of CBA's space expansion	6/7/2007	1/1/2011 6/1/2010 12/31/2009	Ng	Facility remodel complete. Awaiting DCA submittal of modular equipment purchase order. Will not take place until budget is signed for FY 10-11
Fee Reduction Project	4/1/2011	6/30/2011	Ng	Will not commence until regulatory package is approved by OAL and filed with Secretary of State.
Document imaging project (IT management)	7/1/2008	2/01/2012 4/30/2011	IT/Andres	DCA project under development
Perform Peer Review education and outreach	7/1/2008	Ongoing 10/31/2009	Hersh	In phase II. Press release to be issued 7/6; Radio contracts with DCA.
Implement new online e-procurement/contract process	1/1/2009	TBD	Ng	Delayed by DCA
Review and combine office databases	TBD	TBD	IT/Taylor	
CBT system redesign	TBD	TBD	IT/Taylor	
Delegation of Authority from DCA for personnel tasks	10/29/2008	TBD 6/1/2010 TBD	Ng	Received approval as HRIS "Super User". Still awaiting SPB approval to access cert lists.
Migrate Initial Licensing Unit's master tracking data	11/4/2008	TBD 5/30/2009	IT/ Taylor	Scope of project has changed in light of DCA BreEZe system.
Practice Privilege program enhancements	11/10/2008	TBD 6/30/2009	IT/Hansen	Delayed due to other priorities

**CALIFORNIA BOARD OF ACCOUNTANCY
CURRENT PROJECTS LIST**

DIVISION: Administration

DATE: May 3, 2010

**CBA Agenda Item V.E
July 28, 2010**

PROJECT TITLE/DESCRIPTION	START DATE	ESTIMATED FINISH DATE	UNIT/STAFF ASSIGNED	STATUS/COMMENTS
Spring 2010 UPDATE	2/1/2010	5/30/2010	Hersh/Dobson	Complete
Fee Reduction Regulation Package	3/25/2010	7/1/2010	Stanley	Complete
Peer Review Database	2/1/2010	6/30/2010	IT/Hansen	Complete
Blackberry email integration	10/1/2008	TBD 2/2/2009	IT/Hansen	On hold. Affected by Executive Order. State CIO contracting for CA shared e-mail system. Complete

**CALIFORNIA BOARD OF ACCOUNTANCY
CURRENT PROJECTS LIST**

DIVISION: Enforcement

DATE: May 3, 2010

**CBA Agenda Item V.E
June 28, 2010**

PROJECT TITLE/DESCRIPTION	START DATE	ESTIMATED FINISH DATE	UNIT/STAFF ASSIGNED	STATUS/COMMENTS
Scanned enforcement documents - confirm accuracy/completeness	11/1/2008	7/31/2010 4/30/2010 1/30/2010	Nunally	Completed scanning for years 2003-2009, still working on 1993-2002.
Update process manuals	12/1/2008	9/30/2010 4/30/2010 11/30/2009	Santaga	Petitions for Reinstatement/Modification of Probation and AG Referrals manuals are in draft form, pending reformatting and addition of exhibits.
Review and update Disciplinary Guidelines	1/1/2009	6/30/2011 5/30/2010 2/28/2010	Santaga	Pending final approval of additional proposed revisions effective since May 2009 to be considered at the September 2010 CBA Board meeting and CBA motion to move forward to place Disciplinary Guidelines in regulation. "Prohibition to taking on new clients" discussion to be continued at September 2010 CBA Board meeting.

**CALIFORNIA BOARD OF ACCOUNTANCY
CURRENT PROJECTS LIST**

DIVISION: Executive

DATE: May 3, 2010

**CBA Agenda Item V.E
July 28, 2010**

PROJECT TITLE/DESCRIPTION	START DATE	ESTIMATED FINISH DATE	UNIT/STAFF ASSIGNED	STATUS/COMMENTS
Annual Report	2/1/2010	7/31/2010	Vincent	Designed and created, in Surname
Develop a report of CBA's performance measures for CBA consideration	11/5/2008	9/23/2010 9/25/2009	Bowers	
Sunset Review Report	3/10/2010	10/1/2010	Vincent	In preliminary review process, compiling changes from CBA Management
Develop CBA Succession Plan	5/1/2010	12/31/2010	Bowers/Rich	
Knowledge Management Program	12/17/2009	1/11/2011	Vincent	In process, delayed due to other priorities
Identify solution for resolving enforcement program staffing needs	10/24/2008	TBD	Bowers	Actively working with DCA on this issue.
Paperless Meeting materials for CBA members	2/3/2010	TBD 7/1/2010	Veronica	On hold due to equipment needs (laptops) and ordering restrictions due to budget.
Abandoned Records Project	5/1/2008	TBD	Rich	Provide update to CBA members at March 2010 meeting- Complete
Study/revise managerial classification allocations	TBD	TBD	Bowers/Rich	Discussions continuing with DCA- Complete
List of governing body pronouncements (Exposure Drafts) so CBA members can personally comment/weigh in on issues	TBD	TBD	Bowers/Rich	Provide at first of each month as part of monthly Executive Officer's Report to Board- Complete

**CALIFORNIA BOARD OF ACCOUNTANCY
CURRENT PROJECTS LIST**

CBA Agenda Item V.E
July 28, 2010

DIVISION: Licensing

DATE: May 3, 2010

PROJECT TITLE/DESCRIPTION	START DATE	ESTIMATED FINISH DATE	UNIT/STAFF ASSIGNED	STATUS/COMMENTS
Develop draft language for the 20 units of accounting study recommended by the Accounting Education Committee at the June 23, 2010 meeting.	7/1/2010	8/31/2010		Once draft is completed it will go back to the AEC for review.
Begin preliminary work on the Ethics Curriculum Committee's inaugural meeting.	6/1/2010	8/31/2010		Agenda finalized, developing meeting materials and finalizing meeting date and location.
Develop subpoena processing manual, policy & procedures, and conduct a training class for staff.	5/15/2008	8/31/2010 3/31/2010 1/31/2010		In surname review process.
Update and create informational materials for Firms, including a handbook, updating Web site and partnership/corporation applications, and including Peer Review information where necessary.	12/21/2009	8/31/2010 7/31/2010 3/31/2010		In progress.
Review and possibly revise the current process for issuing CPA licenses.	7/1/2010	10/31/2010		
Work with the DCA to implement an option to allow licensees to pay their license renewal via credit card.	3/1/2010	12/31/2010		Waiting for pilot project within DCA to be completed.
Create standardized presentation materials for use at speaking engagements.	6/1/2009	2/28/2010 12/1/2009		In surname review process. Complete

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Examination Unit								
CPA Exam Applications and Medical Accommodations Received	March 2010		April 2010		May 2010		June 2010	
First-time Sitter	521		644		642		1,337	
Repeat Sitter	1,718		1,209		1,121		2,161	
Medical Accommodation	11		7		12		18	
Average Number of Days to Process a Completed Exam Application	March 2010		April 2010		May 2010		June 2010	
First-time Sitter	22		20		25		23	
Repeat Sitter	6		9		6		6	
Appeals	March 2010		April 2010		May 2010		June 2010	
	Approved	Denied	Approved	Denied	Approved	Denied	Approved	Denied
Management-Level Appeals	17	2	24	4	15	5	26	0
Board-Level Appeals	0	0	0	0	0	0	0	0

Highlights

- The California Board of Accountancy (CBA) has received the second “wave” of score reports for the April/May 2010 testing window, and Examination Unit staff are working to post the scores and release them to the candidates. The CBA received a total of 8,960 scores for the April/May testing window.
- Suzanne Gracia, Coordinator of the Examination Unit, was appointed to the CBA’s newly formed Outreach Committee.

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Initial Licensing Unit				
Applications Received	March 2010	April 2010	May 2010	June 2010
CPA	282	301	263	367
Partnership	9	3	4	5
Corporation	24	11	17	16
Fictitious Name Permit (Registration)	6	6	15	9
Processing Time Frames (Average Number of Days to Process a Completed Application)	March 2010	April 2010	May 2010	June 2010
CPA	13	16	10	13
Partnership	11	9	6	12
Corporation	11	9	6	12
Fictitious Name Permit (Registration)	11	9	6	12
Applicants Licensed Under	March 2010	April 2010	May 2010	June 2010
Pathway 0	4	2	10	5
Pathway 1A	45	22	45	32
Pathway 1G	58	34	50	37
Pathway 2A	84	80	92	82
Pathway 2G	138	98	164	106

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Initial Licensing Unit				
	March 2010	April 2010	May 2010	June 2010
Requests Received	119	90	90	83
Processing Time Frame (Average Number of Days)	20	17	13	17

Highlights

- Suzanne Hebrard, an analyst in the Initial Licensing Unit, was appointed to the CBA's newly formed Outreach Committee.
- Over the 6-month period from January 2010 through June 2010, the CBA's Initial Licensing Unit has maintained an average application processing time frame of 20 days.
- Due to an increase in questions regarding the Social Security number (SSN) requirement necessary for licensure, staff developed an informational document containing the CBA's procedures when applications are received without a SSN. The document contains references to Section 30 of the Business and Professions Code, relating to the SSN requirement. This information presently exists in the Licensure Handbook, but staff have now posted it independently on the CBA Web site for easier access.

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

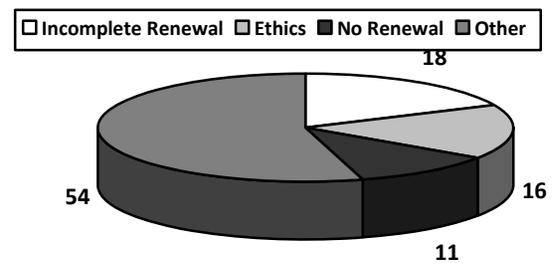
Renewal and Continuing Competency Unit

Licenses Renewed	March 2010	April 2010	May 2010	June 2010
CPA	3,020	2,605	2,621	3,045
PA	2	3	4	2
Partnership	73	31	18	66
Corporation	120	99	33	180

Continuing Education Worksheet Review	March 2010	April 2010	May 2010	June 2010
CPA/PA Applications Reviewed	2,206	2,001	2,847	3,138
Deficient Applications Identified	128	145	153	229
Compliance Responses Received (Including Requests for Inactive Status)	96	118	48	23
Enforcement Referrals	0	0	0	0
Outstanding Deficiencies (Including Abandonment)	31	27	105	206

Continuing Education Audit Review	August 2009 through June 2010
CPA/PA Application Audits Reviewed	359
No Deficiencies Identified	323
Deficient Applications Identified	36
Compliance Responses Received	24
Outstanding Deficiencies	12

Top License Renewal Deficiencies for Fiscal Year 2010-2011



**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Renewal and Continuing Competency Unit

Highlights

- Staff continue to review Regulatory Review course submissions and have approved a total of four courses. Licensees now have greater flexibility in fulfilling this new requirement as courses are available in self-study, live, and webcast formats. Presently, an additional four courses are pending either an initial or second review.
- Two staff from the Renewal and Continuing Competency Unit, Susan Hollis and Jenny Sheldon, were appointed to the CBA's newly formed Outreach Committee.

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Practice Privilege Unit				
Notifications Received	March 2010	April 2010	May 2010	June 2010
Hardcopy	45	24	38	25
Electronic	155	93	96	107
Disqualifying Conditions Received	March 2010	April 2010	May 2010	June 2010
Approved	3	2	2	1
Denied	0	0	0	0
Pending	1	0	1	2
Practice Privilege Suspension Orders	March 2010	April 2010	May 2010	June 2010
Notice of Intent to Suspend	0	0	0	1
Administrative Suspension Order	0	0	0	0

Highlights

- The Practice Privilege Unit is recruiting for an Office Assistant (Typing) position.
- The three Limited Term positions obtained for the Practice Privilege Unit in Fiscal Year 2007/2008 expired on June 30, 2010. Staff within the Licensing Division will be redirected to handle the tasks of the Practice Privilege Unit.

**California Board of Accountancy
Licensing Division Activity
March 1, 2010 through June 30, 2010**

Client Services Unit

Special Projects

- An update to the CBA's Telephone Menu Script, which properly routes all incoming telephone calls to the CBA, is currently in surname status and is expected to be completed in July 2010.
- The Authorization for the Release of CBA Record(s) and Request for License Verification Forms were recently updated and have been posted to the CBA's Web site.
- An article is being prepared for inclusion in the next issue of the CBA's UPDATE publication that will specifically address many of the questions, comments, concerns and responses received in the CBA's online Customer Service Satisfaction Survey.
- CSU staff took the necessary steps to register the Uniform CPA Exam with the Department of Veterans Affairs (VA). This will allow veterans applying for the CPA Exam to be reimbursed by the VA for the exam and related fees paid to both the CBA and NASBA.

CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT CASE ACTIVITY AND STATUS REPORT
January 1, 2010 - May 30, 2010

CBA Agenda Item VII.A.1
 July 28, 2010

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
COMPLAINTS						
<i>Received</i>	59	54	58	58	32	
<i>Closed without Assignment for Investigation</i>	18	41	34	32	10	
<i>Assigned for Investigation</i>	22	21	41	30	25	
<i>Average Days to Close or Assign for Investigation</i>	17	17	19	11	9	
<i>Pending</i>	41	33	16	12	9	
<i>Average Age of Pending Complaints</i>			18 days	12 days	26 days	
Convictions/Arrest Reports						
<i>Received</i>	18	4	7	14	17	
<i>Closed</i>	18	4	4	12	14	
<i>Assigned for Investigation</i>	0	0	3	2	3	
<i>Average Days to Close/Assign for Investigation</i>	1	1	1	2	3	
<i>Pending</i>	0	0	0	0	0	
<i>Average Age of Pending Convictions/Arrest (Days)</i>			N/A	N/A	N/A	
INVESTIGATIONS						
<i>Initial Assignment for Investigation</i>	22	21	44	32	28	
<i>Investigations Closed</i>	26	24	23	25	19	
<i>Average Days to Close</i>	153	142	184	90	67	
<i>Investigations Pending</i>	148	145	166	173	182	
<i>Average Age of Pending Investigation</i>			189 days	199 days	215 days	

**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT CASE ACTIVITY AND STATUS REPORT
January 1, 2010 - May 30, 2010**

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
ENFORCEMENT ACTIONS						
<i>AG CASES</i>						
<i>AG Cases Initiated</i>	3	3	7	0	1	
<i>AG Cases Opened in Error</i>	0	0	0	0	1 ⁴	
<i>AG Cased Pending</i>	32	32	39	39	34	
<i>SOIs Filed</i>	0	0	0	0	0	
<i>Accusations Filed</i>	2	2	2	0	2	
Disciplinary Orders						
<i>Proposed Decisions / Default Decisions Effective</i>	1	1	0	0	0	
<i>Stipulations Effective</i>	0	2	0	0	5	
<i>Average Days to Complete Proposed Decisions/Default Decisions/Stipulations</i> ¹	296	684 ²	0	0	986 ³	
Citations						
<i>Final Citations</i>	4	1	2	0	0	
<i>Average Days to Complete</i>	247	220	185	0	0	
<p>¹ Average Days to Complete Proposed Decisions/Default Decisions/Stipulations is based on the number of days from Receipt of complaint to the effective date of Disciplinary Order.</p>						
<p>² The 684 day average noted for the Feb 2010 period was the result of three cases. One case aged 970 days. A second case aged 613 days and the last case aged 469 days. The delays encountered in the 970 day case were the result of time constraints in settling the matter with Respondent.</p>						
<p>³ The average days to complete the five Final Orders reported in the Disciplinary Orders section was 986 days. One case took 1,897 days to complete because the case was held pending completion of the criminal trial. Another case took 930 days to complete due to the complexity of the case. Another case took 921 days to complete because of delays in coming to settlement terms with the respondent. The remaining two cases took 702 and 450 days respectively.</p>						
<p>⁴ One case that was opened for a referral to the AG's office was done so in error. The matter was never sent to the AG's office.</p>						

**CALIFORNIA BOARD OF ACCOUNTANCY
CITATION ACTIVITY
FOR THE PERIOD 7/1/09 THRU 6/28/10**

VIOLATION ANALYSIS

RULE	AVERAGE AMOUNT	TOTAL FINES ISSUED	TOTAL \$FINES ASSESSED	APEALS RECEIVED
ACCOUNTANCY RULES AND REGULATIONS				
3		1	\$200	
52		3	\$2,000	
54.1				
57				
58				
63				
67				
68				
80				
87	\$813	4	\$3,250	
87(a)				
87(b)				
87(c)				
87(d)	\$500	1	\$500	
87.6				
87.7	\$500	2	\$1,000	
89				
89(b)				
89(c)				
89.1				
90				
BUSINESS AND PROFESSIONS CODE SECTION				
5037				
5050	\$1,713	8	\$13,700	
5055				
5056				
5058				
5060	\$2,000	2	\$4,000	
5061				
5062				
5063				
5072				
5079				
5100				
5100C				
5100G	\$2,500	1	\$2,500	
5100H				
5100I				
5100K				
5151				
5152				
5154				
5156				
TOTALS		22	\$27,150	0

RECONCILIATION OF FINES OUTSTANDING 7/1/09 - 6/28/10

Balance at 7/1/09	\$48,162
Fines Assessed 7/1/09 - 6/28/10	\$27,150
Previous Paid Off - Reinstated - Revoked License	\$0
Appeal Adjustments 7/1/09 - 6/28/10	(\$7,200)
Withdrawn Violations (4 violations, 2 cases)	\$0
Modified Violations ()	\$0
Remain As Issued Violations ()	(\$10,000)
Uncollectible Violations (7 violations, 5 cases)	(\$13,970)
Collections 7/1/09 - 6/28/10	(\$13,970)
Fines Outstanding at 6/28/10	\$44,142

COMPOSITION OF FINES OUTSTANDING

Fine Added to License Renew Fee/B & P 125.9 (27 violations, 16 cases)	\$35,112
AG Referral (Citation Appealed/Non Compliance) (0 violations, 0 case)	\$0
Issued/Pending Receipt of Fine (11 violations, 5 cases)	\$8,000
Installment Payments (1 violation(s), 1 case)	\$1,030
Appeal Request Pending Review (0 violations, 0 case)	\$0
Stipulation/Decision Pending Compliance (0)	\$0
Total Fines Outstanding at 6/28/10	\$44,142

**CALIFORNIA BOARD OF ACCOUNTANCY
 REPORTABLE EVENTS RECEIVED
 07/01/09 – 06/30/10**

Felony Conviction – 5063(a)(1)(A)	0
Criminal Conviction – 5063(a)(1)(B)	1
Criminal Conviction – 5063(a)(1)(C)	1
Cancellation, Revocation, Suspension of Right to Practice by Other State or Foreign Country – 5063(a)(2)	1
Cancellation, Revocation, Suspension of Right to Practice before any governmental body or agency – 5063(a)(3)	2
Restatements – 5063(b)(1) <ul style="list-style-type: none"> • Governmental – 127 • Non Profit – 8 • SEC Registrant – 73 	208
Civil Action Settlement – 5063(b)(2)	23
Civil Action Arbitration Award – 5063(b)(2)	1
SEC Investigation – 5063(b)(3)	0
Wells Submission – 5063(b)(4)	8
PCAOB Investigation – 5063(b)(5)	20
Civil Action Judgement – 5063(c)(1)(2)(3)(4)(5)	1
Reporting by Courts – 5063.1	0
Reporting by Insurers – 5063.2	8
TOTAL REPORTABLE EVENTS RECEIVED 07/01/09 TO 06/30/10	274

Memorandum

CBA Agenda Item VIII.A.
July 28, 2010

To : CBA Members

Date : June 28, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley
Legislation & Regulation Analyst

Subject : Regulation Hearing Regarding Section 70 - Fees

At the March 2010 California Board of Accountancy (CBA) meeting, members directed staff to move forward with the rulemaking process to reduce the fees for initial licensure and renewal.

The Notice of Proposed Action was filed with the Office of Administrative Law on April 20, 2010 and published on May 28, 2010, thus initiating the required 45-day public comment period. July 12, 2010, will mark the end of the public comment period, and on July 28, 2010, during the CBA meeting, a public hearing will be conducted on the proposed amendments. The following attachments will aid in your preparation for the hearing:

- Notice of Proposed Action (**Attachment 1**)
- Initial Statement of Reasons (**Attachment 2**)
- Text of Proposal (**Attachment 3**)

During the public hearing the CBA members may hear oral testimony and receive written comments. If any changes are made as a result of these comments, a 15-day Re-notice will be required. As of the date of this memo, staff have not received any public comments in relation to this regulatory package. Any comments received after the CBA member mail out will be supplied to the CBA members at the meeting. The CBA may act to adopt the proposed regulations under **CBA Agenda Item VIII.A.1**. Prior to submitting the final regulation package to the Office of Administrative Law, staff will draft responses to any comments and prepare the Final Statement of Reasons for distribution to all persons who provided comments.

Attachments

TITLE 16. CALIFORNIA BOARD OF ACCOUNTANCY

NOTICE IS HEREBY GIVEN that the California Board of Accountancy is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at Holiday Inn Express, 2224 Auburn Blvd., Sacramento, California 95821, at 1:30 p.m. on July 28, 2010. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the California Board of Accountancy at its office not later than 5:00 p.m. on July 23, 2010 or must be received by the California Board of Accountancy at the hearing. The California Board of Accountancy, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5134 of the Business and Professions Code, and to implement, interpret or make specific Section 5134 of said Code, the California Board of Accountancy is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**1. Amend Section 70, Title 16 of the California Code of Regulations.**

Section 5134 of the Business and Professions Code authorizes the California Board of Accountancy (CBA) to collect fees for the initial permit to practice as a partnership, corporation, or Certified Public Accountant (CPA) at a level not to exceed \$250. It further authorizes the CBA to collect fees for the renewal of such a permit at a level which allows the CBA to maintain its contingent fund reserve balance equal to approximately nine months of annual authorized expenditures; however, that amount may not exceed \$250. Section 70 of Title 16 of the California Code of Regulations currently sets these levels at \$200 for the initial permit and \$200 for renewal of the permit.

This proposal would amend Section 70 to reduce those fees to \$120 for an initial permit and \$120 for renewal of the permit for a period of four years, at which time, the fees will return to current levels unless, by May 31, 2014, the CBA determines that a lower fee level is indicated.

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: The projected reserves for the 2010/11 fiscal year are approximately \$24 million with an estimated Months in Reserve (MIR) of 22.5. With the fee reduction stated in this proposal, beginning in FY 2011/12, the MIR drops each year through FY 2014/15 to arrive at 12.1 MIR.

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500-17630 Require Reimbursement: None

Business Impact:

The California Board of Accountancy has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

AND

The following studies/relevant data were relied upon in making the above determination: None.

Impact on Jobs/New Businesses:

The California Board of Accountancy has determined that this regulatory proposal will not have any impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact on Representative Private Person or Business:

The cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action and that are known to the CBA are:

- A cost savings of \$80 for each issuance of an initial permit to practice and \$80 for each renewal of a permit to practice beginning in fiscal year 2011-2012. As the CBA renewal cycle is biennial, the total cost savings over the 4-year period could be as much as \$160.
- A corresponding cost increase of \$80 for each issuance of an initial permit to practice and \$80 for each renewal of a permit to practice beginning in fiscal year 2015-2016 unless the CBA determines that a lower amount is appropriate to maintain its fund balance at an approximately nine month reserve.

Effect on Housing Costs: None

EFFECT ON SMALL BUSINESS

The California Board of Accountancy has determined that the proposed regulations may affect small businesses.

CONSIDERATION OF ALTERNATIVES

The California Board of Accountancy must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would either be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposal described in this Notice.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

INITIAL STATEMENT OF REASONS AND INFORMATION

The California Board of Accountancy has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the California Board of Accountancy at 2000 Evergreen Street, Suite 250, Sacramento, California 95815.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Matthew Stanley
Address:	California Board of Accountancy 2000 Evergreen Street, Suite 250 Sacramento, CA 95815
Telephone No.:	916-263-3680
Fax No.:	916-263-3678
E-Mail Address:	regulations@cba.ca.gov

The backup contact person is:

Name: Dan Rich
Address: California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815
Telephone No.: 916-263-3680
Fax No.: 916-263-3675
E-Mail Address: regulations@cba.ca.gov

Web site Access: Materials regarding this proposal can be found at
www.cba.ca.gov.

CALIFORNIA BOARD OF ACCOUNTANCY

INITIAL STATEMENT OF REASONS

Hearing Date: July 28, 2010

Subject Matter of Proposed Regulations: Fees

Section Affected:

1. Amend Section 70 of Title 16 of the California Code of Regulations

Specific Purpose:

This proposal would amend section 70 to reduce licensing fees to \$120 for an initial permit and \$120 for renewal of the permit for a period of four years, at which time, the fees will return to current levels unless, by May 31, 2014, the CBA determines that a lower fee level is indicated. The purpose for this temporary fee reduction is to reduce the contingent fund reserve balance to equal approximately nine months of annual authorized expenditures.

Factual Basis/Rationale:

Section 5134 of the Business and Professions Code authorizes the California Board of Accountancy (CBA) to collect fees for the initial permit to practice as a partnership, corporation, or Certified Public Accountant (CPA) at a level not to exceed \$250. It further authorizes the CBA to collect fees for the renewal of such a permit at a level which allows the CBA to maintain its contingent fund reserve balance equal to approximately nine months of annual authorized expenditures; however, that amount may not exceed \$250. Section 70 of Title 16 of the California Code of Regulations currently sets these levels at \$200 for the initial permit and \$200 for renewal of the permit.

Underlying Data

Technical, theoretical or empirical studies or reports relied upon (if any):
CBA Fee Reduction Analysis- March 2010 CBA Meeting (Attached)

Business Impact

This regulation will not have a significant adverse economic impact on businesses. This initial determination is based on the following facts or evidence/documents/testimony: None

Specific Technologies or Equipment

This regulation does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The CBA considered not reducing fees which would allow the reserve balance to continue growing. The CBA deemed this unacceptable.

The CBA also considered two other fee reduction levels that would equate to fees of \$150 or \$100. These levels were rejected as too little of a reduction (\$150), resulting in a slow decrease in the reserve balance, and too much of a reduction (\$100), resulting in too precipitous of a decline in the reserve balance.

Finally, the CBA also considered permanently reducing these fees from \$200 to \$120 in order to reduce the Reserve to mandated levels. The \$120 fee level constitutes a "manufactured" cash flow shortage every year when compared to expenditure levels, and this alternative will require that the CBA reconsider the effect on the Reserve by no later than mid-2013, or approximately two years after the fee reduction takes effect. It would necessitate a rulemaking to raise the fees, and should a fee increase rulemaking fail, it could result in the elimination of the entire Reserve and bankrupt the CBA, which makes this an unacceptable option.

California Board of Accountancy Fee Reduction Analysis
 March 2010 CBA Meeting

Renewal Fee \$150; Delinquent Fee \$75	CY 09/10	10/11	11/12	12/13	13/14	14/15	\$200/100 15/16
Beginning Reserves	15,693,000 ^[1]	23,076,300	23,852,600	22,601,482	21,274,380	19,889,815	18,431,473
GF Loan 02/03 & 03/04 Adjustment	\$6,270,000 ^[2]						
Adjusted Reserve	\$21,963,000	\$23,076,300	\$23,852,600	\$22,601,482	\$21,274,380	\$19,889,815	18,431,473
Total Revenues ^[3]	\$12,861,300	\$13,252,300	\$11,450,882	\$11,637,898	\$11,890,435	\$12,083,658	\$14,581,200
Total Expenditures	\$11,748,000	\$12,476,000	\$12,702,000	\$12,965,000	\$13,275,000	\$13,542,000	\$13,812,000
Projected Reserves	23,076,300	23,852,600	22,601,482	21,274,380	19,889,815	18,431,473	\$19,200,673
Months in Reserve (MIR)	22.2	22.5	20.9	19.2	17.6	16.0	16.4

Renewal Fee \$120; Delinquent Fee \$60	CY 09/10	10/11	11/12	12/13	13/14	14/15	\$200/100 15/16
Beginning Reserves	15,693,000 ^[1]	23,076,300	23,852,600	21,571,626	19,183,773	16,706,634	13,960,495
GF Loan 02/03 & 03/04 Adjustment	\$6,270,000 ^[2]						
Adjusted Reserve	\$21,963,000	\$23,076,300	\$23,852,600	\$21,571,626	\$19,183,773	\$16,706,634	13,960,495
Total Revenues ^[3]	\$12,861,300	\$13,252,300	\$10,421,026	\$10,577,147	\$10,797,861	\$10,795,861	\$14,581,200
Total Expenditures	\$11,748,000	\$12,476,000	\$12,702,000	\$12,965,000	\$13,275,000	\$13,542,000	\$13,812,000
Projected Reserves	23,076,300	23,852,600	21,571,626	19,183,773	16,706,634	13,960,495	\$14,729,695
Months in Reserve (MIR)	22.2	22.5	20.0	17.3	14.8	12.1	12.5

Renewal Fee \$100; Delinquent Fee \$50	CY 09/10	10/11	11/12	12/13	13/14	14/15	\$200/100 15/16
Beginning Reserves	15,693,000 ^[1]	23,076,300	23,852,600	20,556,855	17,123,787	13,570,077	9,877,516
GF Loan 02/03 & 03/04 Adjustment	\$6,270,000 ^[2]						
Adjusted Reserve	\$21,963,000	\$23,076,300	\$23,852,600	\$20,556,855	\$17,123,787	\$13,570,077	9,877,516
Total Revenues ^[3]	\$12,861,300	\$13,252,300	\$9,406,255	\$9,531,932	\$9,721,290	\$9,849,439	\$14,581,200
Total Expenditures	\$11,748,000	\$12,476,000	\$12,702,000	\$12,965,000	\$13,275,000	\$13,542,000	\$13,812,000
Projected Reserves	23,076,300	23,852,600	20,556,855	17,123,787	13,570,077	9,877,516	\$10,646,716
Months in Reserve (MIR)	22.2	22.5	19.0	15.5	12.0	8.6	9.1

Footnotes:

1. Data obtained from DCA Fund Condition Projections Statement February 16, 2010.
2. For fee computation purposes per Government Code Section 16320, two outstanding loans to the General Fund in the amount of \$6,270,000 made in FY's 2002/03 and 2003/04, are "not deducted from the balance of the fund or account from which the loan is made for the purpose of calculating a fee or assessment."
3. Total revenues reflect workload figures projected by the CBA assuming a nominal 3 percent per year increase.

PROPOSED REGULATORY LANGUAGE

70. Fees.

(a) Commencing January 23, 2004, the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination shall be an application fee of \$100 for issuance of the Authorization to Test to first-time applicants and an application fee of \$50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be \$250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be \$150.

(d)(1) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200 unless subsection (i) applies.

(e)(1) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200.

(2) For licenses expiring after June 30, 2011, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$120.

(3) For licenses expiring after June 30, 2015, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200 unless subsection (i) applies.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.

(i) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately nine months of estimated annual

authorized expenditures. If the Board determines that fees of less than \$200 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

NOTE: Authority cited: Sections 5010 and ~~5018~~ 5134, Business and Professions Code.
Reference: Sections 122, 163, 5096 and 5134 Business and Professions Code.

Memorandum

CBA Agenda Item VIII.A.1.
July 28, 2010

To : CBA Members

Date : June 21, 2010

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley
Legislation & Regulation Analyst

Subject : Consideration of Adoption of Proposed Regulation Section 70 - Fees

After the conclusion of the hearing under **CBA Agenda Item VIII.A.**, the next step in the process is that the CBA must act to formally adopt the proposed regulations outlined in the subject of this memorandum.

Before the CBA takes action, staff are recommending to the California Board of Accountancy (CBA) a revision to the previously noticed proposed regulations (**Attachment 1**). The revision is a technical, non-substantive change to Section 70(e) to change the phrase "Commencing July 1, 2011" to "For all licenses expiring after June 30, 2011." While not changing the effective date of the fee change, staff recommend making this change to clarify that those with expiration dates after June 30, 2011 only need to pay the reduced fee even if they renew prior to July 1, 2011.

Should the members decide to make changes to the proposed regulations based on any received comments or based on staff's recommendation, the action will need to address the following:

- Formal approval of the proposed regulation, including specifically noting the inclusion of the staff-recommended change should members concur with the change.
- Instructing staff to take the necessary steps to initiate a 15-day re-Notice to address the CBA-adopted regulations.
- Direct staff to complete and submit the rulemaking file upon completion of the 15-day renote period.

Attachment

PROPOSED REGULATORY LANGUAGE

70. Fees.

(a) Commencing January 23, 2004, the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination shall be an application fee of \$100 for issuance of the Authorization to Test to first-time applicants and an application fee of \$50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be \$250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be \$150.

(d)(1) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200 unless subsection (i) applies.

(e)(1) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011 For licenses expiring after June 30, 2011, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015 For licenses expiring after June 30, 2015, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200 unless subsection (i) applies.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.

(i) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund

reserve balance at an amount equal to approximately nine months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

NOTE: Authority cited: Sections 5010 and ~~5018~~ 5134, Business and Professions Code.
Reference: Sections 122, 163, 5096 and 5134 Business and Professions Code.