



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)
AND CBA MEETINGS**

DATE: Thursday, March 24, 2011

COMMITTEE MEETING (LC)

TIME: 9:30 a.m. to 11:30 a.m.

CBA MEETING

TIME: 1:00 p.m. to 4:30 p.m.

DATE: Friday, March 25, 2011

CBA MEETING

TIME: 9:00 a.m. to 3:30 p.m.

PLACE: Sheraton Hotel and Marina
1380 Harbor Island Dr.
San Diego, CA 92101
Telephone: (619) 291-2900
Fax: (619) 692-2337

Enclosed for your information is a copy of the agendas for the LC and CBA meetings on March 24-25, 2011. For further information regarding these meetings, please contact:

Veronica Daniel, Board Relations 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 May 19-20, 2011 in Northern CA.

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



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NOTICE OF CORRECTED AGENDA

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

CBA MEETING

Thursday, March 24, 2011
1:00 p.m. – 4:30 p.m.

Friday, March 25, 2011
9:00 a.m. – 3:30 p.m.

Sheraton Hotel and Marina
1380 Harbor Island Dr.
San Diego, CA 92101
Telephone: (619) 291-2900
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CORRECTION TO FRIDAY, MARCH 25, 2011 AGENDA

Notice to All Interested Parties: The agenda for the March 25, 2011 meeting of the CBA is hereby corrected to include reference of the following Agenda Item.

AGENDA ITEM VIII.F.2.: Proposed Responses to AICPA's Exposure Draft on Performing and Reporting on Peer Reviews of Compilations Performed under SSARS 19, dated January 21, 2011.

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



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

**LC MEETING
AGENDA**

**Thursday, March 24, 2011
9:30-11:30 a.m.**

Sheraton Hotel and Marina
1380 Harbor Island Dr.
San Diego, CA 92101
Phone: (619) 291-2900
Fax: (619) 692-2337

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

Roll Call and to Order (**Diana Bell, Chair**).

- I. Adoption of Draft Minutes of the November 17, 2010, Legislative Committee Meeting (**Diana Bell, Chair**).
- II. Overview and Staff Recommended Amendments to Assembly Bill (AB) 431-Retired Status (**Matthew Stanley**).
- III. Update on Legislative Language Sponsored by the CBA (Webcasting Exemptions, Accountancy Fund Loans to the General Fund, and Peer Review Sunset Extension) (**Matthew Stanley**).
- IV. Overview of Bills Affecting the Rulemaking Process (AB 127, AB 338, AB 425, AB 535, Senate Bill (SB) 396, SB 401, SB 553) (**Matthew Stanley**).
- V. Adoption of Positions on Legislation (**Matthew Stanley**).
 - A. AB 229 – The Controller: audits.
 - B. AB 410 – Regulations: adoption: disability access.

- C. AB 675 – Continuing Education.
 - D. AB 958- Regulatory boards: limitation periods.
 - E. AB 991- Licenses: California Licensing and Permit Center.
 - F. AB 1193- Accountancy.
 - G. SB 103- State government: meetings: teleconferencing.
 - H. SB 306- Accountancy.
 - I. SB 366- Regulations: agency review.
 - J. SB 542- Professions and vocations: regulatory boards.
 - K. SB 773- Accountants.
 - L. SB 921- Professions and vocations.
 - M. Senate Business, Professions, & Economic Development Committee Omnibus Bills.
- VI. Public Comments for Items Not on the Agenda.
- VII. Agenda Items for Next Meeting.
- Adjournment.

Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the LC Chair 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 LC prior to the LC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the LC. Individuals may appear before the LC to discuss items not on the agenda; however, the LC can take no official action on these items at the time of the same meeting. (Government Code sec. 11125.7(a).)



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

CBA MEETING
AGENDA

CORRECTED
AS OF 3/15/11

Thursday, March 24, 2011
1:00 p.m. – 4:30 p.m.

Friday, March 25, 2011
9:00 a.m. – 3:30 p.m.

Sheraton Hotel and Marina
1380 Harbor Island Dr.
San Diego, CA 92101
Telephone: (619) 291-2900
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Roll Call and Call to Order.

- I. Report of the President (**Sally Anderson**).
 - A. Update on Peer Review Implementation (**Rafael Ixta, Enforcement Chief**).
 - B. Report on Sunset Review Hearing.
 - C. Proposed 2012 CBA Meeting Dates (**Veronica Daniel, CBA Staff**).
 - D. Participation on National Committees (**Veronica Daniel, CBA Staff**).
 - E. Resolution for Retiring CBA Member.
- II. Report of the Vice President (**Marshal Oldman**).
 - A. Recommendation for Appointments to the Enforcement Advisory Committee.

- III. Report of the Secretary/Treasurer (**Leslie LaManna**).
 - A. Discussion of Governor's Budget.
 - B. FY 2010-2011 Mid-Year Financial Statement.
 - C. Proposed Format for Presenting Budget Information to the CBA (**Nick Ng, Administration Manager**).
- IV. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations and Proposed Decisions).
- V. Report of the Licensing Chief (**Deanne Pearce**).
 - A. Report on Licensing Division Activity.
 - B. Residency Requirement for the Uniform CPA Examination and Licensure as a CPA in California.
 - C. International Delivery of the Uniform CPA Examination (**Liza Walker, Licensing Manager**).
 - D. CBA's Passage Letter for the Uniform CPA Examination (**Liza Walker, Licensing Manager**).
 - E. Update and Implementation Plan on Pending Fee Reduction Regulations Title 16, CCR Section 70 (**Dominic Franzella, Licensing Manager**).
- VI. Report of the Executive Officer (EO) (**Patti Bowers**).
 - A. DCA Director's Report (**DCA Representative**).
 - 1. Hiring Freeze Executive Order.
 - 2. Cell Phone Reduction Executive Order.
 - 3. Vehicle Executive Order.
 - 4. Update on BreZE.
 - 5. Board Member Training.
 - B. Update on CBA 2010-2012 Communications and Outreach Plan (**Lauren Hersh, Information and Planning Officer**).

- C. Update on CBA 2010-2012 Strategic Plan (**Vincent Johnston, CBA Staff**).
 - D. List of CBA's Statutory and Regulatory "Sunset" Provisions (**Matthew Stanley, CBA Staff**).
 - E. Discussion of Options for how to Proceed Following the Expiration of Business and Professions Code Section 5050(b) (Temporary and Incidental) (**Matthew Stanley, CBA Staff**).
 - F. Proposed Plan for Researching Mobility in Other States (**Dan Rich, Assistant EO**).
- VII. Report of the Enforcement Chief (**Rafael Ixta**).
- A. Enforcement Case Activity and Status Report.
 - B. Aging Inventory Report.
 - C. Report on Citations and Fines.
 - D. Reportable Events Report.
 - E. Results From 2nd Quarter Performance Measures Report to the DCA.
- VIII. Committee and Task Force Reports.
- A. Enforcement Program Oversight Committee (EPOC) (**Michelle Brough, Chair**).
No Report.
 - B. Committee on Professional Conduct (CPC) (**Marshal Oldman, Chair**).
No Report.
 - C. Legislative Committee (LC) (**Diana Bell, Chair**).
 - 1. Report of the March 24, 2011 LC Meeting.
 - 2. Overview and Recommended Amendment to Assembly Bill (AB) 431 – Retired Status.

3. Update on Legislative Language Sponsored by the CBA (Webcasting Exemptions, Accountancy Fund Loans to the General Fund, and Peer Review Sunset Extension).
4. Overview of Bills Affecting the Rulemaking Process (AB 127, AB 338, AB 425, AB 535, Senate Bill (SB) 396, SB 401, SB 553).
5. Adoption of Positions on Legislation.
 - a. AB 229 – The Controller: Audits.
 - b. AB 410 – Regulations: Adoption: Disability Access.
 - c. AB 675 – Continuing Education.
 - d. AB 958 – Regulatory Boards: Limitation Periods.
 - e. AB 991 – Licenses: California Licensing and Permit Center.
 - f. AB 1193 – Accountancy.
 - g. SB 103 – State Government: Meetings: Teleconferencing.
 - h. SB 306 – Accountancy.
 - i. SB 366 – Regulations: Agency Review.
 - j. SB 542 – Professions and Vocations: Regulatory Boards.
 - k. SB 773 – Accountants.
 - l. SB 921 – Professions and Vocations.
 - m. Senate Business, Professions, & Economic Development Committee Omnibus Bills.

D. Accounting Education Committee (AEC) **(Ruben Davila, Chair)**.

1. Report of the February 18, 2011 AEC Meeting.
2. Consideration of Proposed Legislation to Allow for the Acceptance of a Specified Master's Degree to Meet the 20 Units of Accounting Study Required for CPA Licensure Beginning January 1, 2014.

E. Ethics Curriculum Committee (ECC) **(Don Driftmier, Chair)**.

No Report.

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

1. Report of the March 4, 2011 PROC Meeting.
2. Proposed Responses to AICPA's Exposure Draft on Performing and Reporting on Peer Reviews of Compilations Performed under SSARS 19, dated January 21, 2011.

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

Report of the February 4, 2011 EAC Meeting.

H. Qualifications Committee (QC) **(Fausto Hinojosa, Chair)**.

No Report.

IX. Acceptance of Minutes

- A. Draft Minutes of the January 27-28, 2011 CBA Meeting.
- B. Draft Minutes of the November 17, 2010 CPC Meeting.
- C. Draft Minutes of the November 17, 2010 EPOC Meeting.
- D. Draft Minutes of the November 17, 2010 LC Meeting.
- E. Draft Minutes of the September 3, 2010 AEC Meeting.

X. Other Business.

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

No Report.

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

1. Update on NASBA Committees.
 - a. Accountancy Licensee Database Task Force
(Patti Bowers, EO/Sally Anderson, President).
 - b. Board Relevance & Effectiveness Committee
(Marshal Oldman, Vice President).

c. Uniform Accountancy Act Committee (UAA)
(Donald Driftmier, CBA Member).

2. Proposed Responses to NASBA Focus Questions **(Dan Rich, Assistant EO).**

XI. Closing Business.

A. Public Comments for Items not on the Agenda.

B. Agenda Items for Future CBA Meetings.

C. Press Release Focus
(Lauren Hersh, Information and Planning Officer).

Recent Press Releases.

Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. The time and order of agenda items are subject to change at the discretion of the CBA President and may be taken out of order. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. While the CBA intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can neither discuss nor take official action on these items at the time of the same meeting (Government Code Sections 11125, 11125.7(a)).

Memorandum

CBA Agenda Item I.A.
March 24-25, 2011

To : CBA Members

Date : March 10, 2011

Telephone : (916) 561-1731

Facsimile : (916) 263-3673

E-mail : rixta@cba.ca.gov

From : 
Rafael Ixta, Chief
Enforcement Division

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 January 2011 California Board of Accountancy (CBA) meeting.

Regulations

The rulemaking package modifying Business and Professions Code section 48.3 was noticed on October 1, 2010. Public comments were accepted through November 15, 2010 and a public hearing was held on November 16, 2010. The rulemaking is currently pending approval by the Department of Consumer Affairs. The proposed regulations add language which requires Board-recognized Peer Review Program providers to report substandard reports to the CBA within 60 days of their acceptance date.

Peer Review Oversight Committee

The Peer Review Oversight Committee (PROC) received approval from the CBA for the following 2011 meeting dates:

March 4, 2011	Ontario
May 6, 2011	Oakland
July 8, 2011	Southern California
August 30, 2011	Sacramento
October 27, 2011	Southern California

On February 23, 2011, three PROC members participated in the California Society of Certified Public Accountants' (CalCPA) Report Acceptance Body (RAB) teleconference. The overall purpose of the RAB is to ensure that peer reviews are performed in accordance with the standards, interpretations, and related guidance materials. This was the PROC's first exposure to a RAB meeting and will be further discussed during the PROC Chair's report.

Update on Peer Review Implementation

Page 2 of 2

Peer Review Survey

The CBA has received 44 peer review surveys since the survey went live on the CBA's Web site on December 9, 2010. The voluntary survey will assist the CBA in collecting information from sole proprietors and small firms to prepare the report that is due to the Legislature and the Governor on January 1, 2013.

Reporting Statistics

As of March 7, 2011, 13,680 peer review reporting forms have been submitted. The breakdown is as follows:

Peer Review Required	959
Peer Review Not Required (firms)	2,334
Peer Review Not Applicable (non-firms)	10,387

Reminder letters are scheduled to be mailed to all licensees who are required to report peer review information by July 1, 2011, but have not yet reported.

In an effort to keep the letters as clear and concise as possible, individual licensees will receive a different letter than corporations and partnerships. This will alleviate the need to explain the reporting requirements for both firms and sole proprietors in a single letter. The letters will include an "if/then" table allowing licensees to easily determine their peer review requirement, if any, and reporting requirement based on their specific circumstances. It is anticipated that these letters will be mailed towards the end of March.

The letter to individual licensees is **Attachment 1**. The letter to corporations and partnerships is **Attachment 2**.

Update to Renewal Forms

The renewal forms for individual licensees, corporations, and partnerships are being revised to include language regarding peer review requirements. The forms will each include a statement notifying the licensee that by signing and submitting the renewal form, they are certifying that if they are subject to peer review requirements, they have had a peer review completed within the three years prior to the license renewal date. An insert with additional information about peer review requirements and reporting requirements will accompany the renewal forms.

Staff anticipates that these changes will be reflected on the renewal forms for licenses expiring on or after July 31, 2011.

Staff will continue to inform members regarding the activities and progress of peer review implementation.

Attachments



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DATE

ATTACHMENT 1

Name
 Firm
 Address
 City, State Zip

Dear (Firm or Full Licensee Name):

License #: PIN:

California-licensed Certified Public Accountants with an individual license number ending in 01-33 are required to report their peer review status to the California Board of Accountancy (CBA) by July 1, 2011. Reporting of peer review status is required even if you are not required to undergo peer review.

You may use the following chart to determine your peer review reporting requirement:

IF YOU:	THEN YOU ARE:	AND YOU MUST:	AND:
Work for a firm (e.g. sole proprietor, partnership or corporation) as an employee, partner or shareholder.	Not subject to peer review.	Report this information to the CBA by 7/1/11.	
Have not provided accounting and auditing services since 1/1/10.			
Provided accounting and auditing services since 1/1/10.	Subject to peer review.	Have a peer review report accepted by a Board-recognized peer review program.	Report the peer review results to the CBA by 7/1/11.

The *Peer Review Reporting Form* is available for online submission via the CBA Web site at www.cba.ca.gov. The PIN number provided above will enable you to log-in and fulfill your reporting requirements. You can also download a hard copy of the *Peer Review Reporting Form* from the Web site or request it directly from the CBA.

Sole proprietors requiring a peer review that have not already enrolled in the California Society of Certified Public Accountants' (CalCPA) Peer Review Program, should enroll immediately as the process can be lengthy. CalCPA can be contacted by telephone at (650) 522-3094 or by e-mail at peerreview@calcpa.org. Their Web site is www.calcpa.org.

Failure to report may result in enforcement action and impact your license renewal.

For additional information, please refer to the FAQs on the CBA Web site. You can also direct questions to the CBA at (916) 561-1706 or peerreviewinfo@cba.ca.gov.

Sincerely,

Patti Bowers
 Executive Officer



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DATE

ATTACHMENT 2

Name
 Firm
 Address
 City, State Zip

Dear (Firm or Full Licensee Name):

License #: PIN:

All California-licensed accountancy partnerships and corporations with license numbers ending in 01-33 are required to report their peer review status to the California Board of Accountancy (CBA) by July 1, 2011. Reporting of peer review status is required even if you are not required to undergo peer review.

You may use the following chart to determine your peer review reporting requirement:

IF THE FIRM:	THEN IT IS:	AND IT MUST:	AND:
Operates under the umbrella of another partnership or corporation.	Not subject to peer review.	Report this information to the CBA by 7/1/11.	
Has not provided accounting and auditing services since 1/1/10.			
Provided accounting and auditing services since 1/1/10.	Subject to peer review.	Have a peer review report accepted by a Board-recognized peer review program.	Report the peer review results to the CBA by 7/1/11.

The *Peer Review Reporting Form* is available for online submission via the CBA Web site at www.cba.ca.gov. The PIN number provided above will enable you to log-in and fulfill your reporting requirements. You can also download a hard copy of the *Peer Review Reporting Form* from the Web site or request it directly from the CBA.

Firms requiring a peer review that have not already enrolled in the California Society of Certified Public Accountants' (CalCPA) Peer Review Program should enroll immediately as the process can be lengthy. CalCPA can be contacted by telephone at (650) 522-3094 or by e-mail at peerreview@calcpa.org. Their Web site is www.calcpa.org.

Failure to report may result in enforcement action and impact your license renewal.

For additional information, please refer to the FAQs on the CBA Web site. You can also direct questions to the CBA at (916) 561-1706 or peerreviewinfo@cba.ca.gov.

Sincerely,

Patti Bowers
 Executive Officer

Memorandum

CBA Agenda Item I.C.
March 24-25, 2011

To : CBA Members

Date : March 3, 2011

Telephone : (916) 561-1716

Facsimile : (916) 263-3674

E-mail : vdaniel@cba.ca.gov

From : 
Board Relations Analyst

Subject : Proposed 2012 CBA Meeting Dates

Please find the following proposed CBA meeting dates for 2012. The dates were compared with state holidays, and a year-at-a-glance calendar is attached for your reference. Please review these dates and advise me of any scheduling conflicts.

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

DATE

LOCATION

January 26-27, 2012

Southern

March 22-23, 2012

Northern

May 24-25, 2012

Southern

July 26-27, 2012

Northern

September 20-21, 2012

Southern

November 15-16, 2012

Northern

Attachment

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2012 MEETING DATES/LOCATIONS
(CBA MEMBER COPY)**

JANUARY 2012

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
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FEBRUARY 2012

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MARCH 2012

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APRIL 2012

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MAY 2012

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JUNE 2012

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JULY 2012

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AUGUST 2012

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SEPTEMBER 2012

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OCTOBER 2012

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NOVEMBER 2012

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DECEMBER 2012

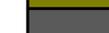
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COMMITTEE/TASK FORCE

- EAC-ENFORCEMENT ADVISORY COMMITTEE
- QC-QUALIFICATIONS COMMITTEE
- AEC-ACCOUNTING EDUCATION COMMITTEE
- ECC-ETHICS CURRICULUM COMMITTEE
- PROC-PEER REVIEW OVERSIGHT COMMITTEE

GENERAL LOCATION

- NC-NORTHERN CALIFORNIA
- SC-SOUTHERN CALIFORNIA

-  CBA OFFICE CLOSED
-  CBA MEETING
-  DCA CONFERENCE
-  CBA WORKING CONFERENCE
-  SPECIAL CBA MEETING ON LEGISLATION
-  SUNSET REVIEW HEARING
-  EAC MEETING
-  QC MEETING
-  AEC MEETING
-  ECC MEETING
-  PROC MEETING

M e m o r a n d u m

CBA Agenda Item I.D.
March 24-25, 2011

To : CBA Members

Date : March 17, 2011

Telephone : (916) 561-1716

Facsimile : (916) 263-3674



From : Veronica Daniel
Board Relations Analyst

Subject : Participation on National Committees

The purpose of this memo is to identify additional opportunities for CBA members to actively participate on national committees, thereby ensuring that California maintains an active presence in the decision making process related to the accountancy profession. Identification of opportunities to serve on national committees is provided to help accomplish that goal, by equitably distributing CBA members' time and effort among these committees.

The memo further discusses assistance that staff will provide to facilitate CBA member success in these endeavors. This assistance will encompass committee nomination forms, travel requests, conference registrations, etc.

National Association of State Boards of Accountancy (NASBA)

NASBA's official committee recruitment process for its 24 committees begins every April. However, CBA members can apply throughout the year up until the annual meeting in October/November when appointments are made. The appointments are decided by NASBA's Chair and committee meetings are not open to the public. The committee interest form, which includes a listing of committees as well as their respective charges, is included as **Attachment 1** and is also available on NASBA's Web site at www.nasba.org.

CBA staff previously identified a process to assist CBA members in applying for membership on NASBA's committees. Once the CBA receives information from NASBA that it is beginning its committee appointment process, staff will communicate that information to the CBA members and will act as a liaison by receiving the applications and forwarding them to NASBA. Assisting CBA members in the committee appointment process will also help staff identify and request out of state travel for committee attendance, as necessary.

This year, the CBA has four members/staff participating on the following NASBA committees:

Accountancy Licensee Database
Board Relevance & Effectiveness Committee
Uniform Accountancy Act (UAA)

Sally Anderson/Patti Bowers
Marshal Oldman
Donald Driftmier

In addition to its various committees, NASBA also holds several conferences and meetings open to CBA members as well as interested stakeholders. Below is a listing of the upcoming events in 2011, which is also available on NASBA's Web site.

- Western Regional Meeting; June 8-10, 2011, Omaha, NE
- 104th Annual Meeting; October 23-26, 2011, Nashville, TN

More information regarding NASBA committees may be obtained by contacting Anita Holt at (615) 880-4202 or aholt@nasba.org.

American Institute of Certified Public Accountants (AICPA)

Participation on AICPA's volunteer groups begins every November. The AICPA maintains a Web site that provides significant information on its 200 plus volunteer groups at <http://volunteers.aicpa.org>. The volunteer groups consist of the Institute's Governing Council, Board of Directors, committees, subcommittees, expert panels, resource panels, quality centers, boards, and task forces.

There are a handful of AICPA volunteer groups where there has been an agreement with NASBA to appoint state board members to them. These volunteer groups include the Auditing Standards Board (ASB), Board of Examiners (BOE) State Board Committee, the Professional Ethics Executive Committee (PEEC), and the National Peer Review Committee (NPRC). A listing of these volunteer groups with respective charges is provided as **Attachment 2**. NASBA nominates several state board members for each of these volunteer groups and the AICPA fills vacancies from that list. With exception of the NPRC and the PEEC, the volunteer groups require a member to be a CPA and a member of the AICPA.

Similar to NASBA, the AICPA will reimburse its members for their participation at meetings. It is important to note that participation in one of the AICPA volunteer groups requires completion of a "Lifetime AICPA Volunteer Service Policy and Copyright Agreement Statement", a copy of which is provided as **Attachment 3**.

At this time, the CBA does not currently have members participating on any of the AICPA volunteer groups.

More information regarding AICPA volunteer groups may be obtained from AICPA's Volunteer Services by contacting either Andrea Singletary at (212) 596-6097 or asingletary@aicpa.org, or David Ray at (212) 596-6030 or dray@aicpa.org.

Out-Of-State Travel Process

Given the state's continuing adverse economic condition, the Governor's Office has issued a freeze on Out-of-State travel (OST) and will only review OST requests that are vital and "mission-critical" to the mandates board/bureau operations. This includes zero-dollar OST trips.

Conference Attendance Requirements

Attachment 4 is a "Conference Attendance Request" form, which is to be used when CBA members or staff register for a conference or convention. The form is required in order to ensure compliance with Department of Personnel Administration regulations (CCP, Section 599.635) requiring DCA Executive Office approval to attend any conference or convention if the registration fees exceed \$50.00, or when more than two individuals from the same department are attending the same convention or conference.

Fair Political Practices Commission (FPPC)

If you are already a member of either a NASBA or AICPA committee, those entities will need to reimburse you for any related travel costs you incur during this fiscal year. Please note that anytime you travel on behalf of the CBA and the trip is paid for by a third party, it needs to be reported on your Annual Statement of Economic Interest that is filed with the FPPC.

CBA staff stand ready and willing to offer any assistance through this process and will also be available at the March meeting to answer any questions you may have.

Attachments

NASBA

COMMITTEE CHARGES

Accountancy Licensee Data Base Task Force (ALD)

Promote and assist with implementation of the ALD in every state.

Administration and Finance Committee (A&F)

Oversee and monitor the financial operations of NASBA.

Audit Committee

Review the scope of the independent audit of the NASBA and PCS financial statements and recommend, to the NASBA Board of Directors, the audit firm to perform the following year's independent audit.

Awards Committee

Review nominees for the NASBA Distinguished Service Award, William H. Van Rensselaer Public Service Award and Lorraine P. Sachs Standard of Excellence Award. Recommend to the Board of Directors the proposed recipients of the awards.

Bylaws Committee

In response to suggestions from the boards of accountancy, Board of Directors and NASBA committees, review the Bylaws and Articles of Incorporation for clarity and consistency and recommend changes as needed.

CBT Administration Committee

Assist boards of accountancy in resolving administrative and operations issues for the computer-based exam system, and coordinate communications and surveys of State Board Executive Directors about issues related to the Uniform CPA Examination.

Communications Committee

Develop and promote innovative and unique programs and methods for communications by state boards of accountancy and NASBA with other agencies, consumers, the CPA profession, and legislative bodies.

Compliance Assurance Committee

Explore, develop and implement opportunities for state boards to become uniformly involved in standard setting and oversight of mandatory peer review or other compliance assurance review programs.

CPA Examination Review Board (appointed)

Review, evaluate and report on the appropriateness of the policies and procedures utilized in the preparation, grading and administration of the Uniform CPA Examination and other examinations in general use by boards of accountancy for the licensing of certified public accountants; examine such records, and make such observations, inspections and inquiries as it deems necessary; report annually to the boards of accountancy.

CPA Licensing Examinations Committee (CLEC)

On behalf of state boards of accountancy, monitor the progress and effectiveness of the Uniform CPA Examination and work collaboratively with the AICPA Board of Examiners and the Examination Review Board to advance the interests of the state boards.

CPE Advisory Committee

Monitor the statements on standards for continuing professional education to encourage implementation by state boards, develop aids and interpretations and oversee the sponsor membership appeal process. Lead the biannual CPE Conference.

Education Committee

Explore and define issues relating to educational requirements for entry into the profession, including effective implementation of UAA Model Rules 5-1 and 5-2 among the states. Work collaboratively with the education community and profession to proactively address issues relative to college curriculum. Research and address any unresolved issues cited in NASBA's 120/150 paper and address issues contained in ACAP's recommendations.

Enforcement Assessment & Best Practices Committee

Develop a "Best Practices" manual for state boards seeking and managing complaints and conducting investigations, hearings, Sanctions and appeals together with their disposition.

Enforcement Resource Committee

To assess and provide resource support to state boards in enforcement matters, including discovery, investigations, expert witness sourcing, etc.

Ethics & Strategic Professional Issues Committee

Monitor and evaluate the issues of AICPA's Professional Ethics Executive Committee (PEEC), to harmonize ethics standards of state boards with other regulatory bodies. To promote the development and adoption of UAA ethics provisions uniformly among the states, and to share with state boards emerging ethics and other professional issues.

Executive Directors Committee

Provide Executive Director a platform for education and information exchange among colleagues; provide NASBA with administrative and regulatory perspective; and facilitate cooperation and understanding among common-ground entities.

Global Strategies

Identify and assert state boards' influence on short and long term global issues affecting regulation in accounting principles, auditing standards, ethics and education, and other international aspects of the accounting profession. Manage and monitor NASBA's periodic International Accounting Regulators' Forum. Identify, monitor and refer issues appropriate NASBA committees and/or task forces for action.

International Delivery of the CPA Exam (iexam)

Develop and implement a program and process for the expansion of the administration of the Uniform CPA Examination to international locations.

International Qualifications Appraisal Board

Review accounting qualifications of other countries, negotiate reciprocity agreements with the professional accounting organizations and make mutual recognition recommendations to state boards of accountancy.

Nominating Committee (elected)

Nominate officers and directors for 2010-11 in accordance with Bylaw.

Regulatory Response Committee

Develop responses to regulatory issues embodied in accounting and auditing exposure drafts and statements, and request for comment of other entities that could impact the state boards' regulatory and enforcement responsibilities.

State Board Relevance and Effectiveness Committee

Develop a comprehensive model, and a supporting Model State Board Act, for enhancing state boards' relevance, effectiveness an operational & financial independence, consistent with the ACAP recommendations. Such efforts will include and assimilation of best practices in legislative management, organization and structure, policy and practice management, and interaction with professional groups, regulatory bodies, and the public.

UAA Mobility Implementation Sub-Committee

Assist state boards in making appropriate changes to state laws and rules to permit cross-border practice and mobility of the CPA licensee without notice. Assist in studying and promoting implementation issues consistent with the original design and interest of the mobility model statute.

Uniform Accountancy Act Committee

Monitor the need for revisions to the UAA and the Model Rules, including proposals from other NASBA Committees, and suggest appropriate new or revised provisions to the NASBA Board of Directors for approval and release for exposure and comment.

AICPA VOLUNTEER GROUP OPPORTUNITIES FOR CBA MEMBERS

(Note: CPA nominees must be members of the AICPA)

AUDITING STANDARDS BOARD

To develop and communicate performance and reporting standards and practice guidance that enable the public auditing profession to provide high quality objective attestation services at a reasonable cost and in the best interests of the profession and the beneficiaries of those services, with the ultimate purpose of serving the public interest.

SPECIAL QUALIFICATIONS: Members in public practice with concentration in audit and attest engagements.

BOARD OF EXAMINERS STATE BOARD COMMITTEE

The State Board Committee is responsible for maintaining an awareness of state board concerns related to Examination activities that fall under the purview of the BOE, communicating that information to the BOE, and ensuring that state boards are kept advised of BOE activities and actions.

PROFESSIONAL ETHICS EXECUTIVE COMMITTEE

To develop standards of ethics, promote understanding and voluntary compliance with such standards, establish and present charges of violations of the standards and the AICPA's bylaws to the Joint Trial Board for disciplinary action in cooperation with State Societies under the Joint Ethics Enforcement Program (JEEP), improve the profession's enforcement procedures, coordinate the subcommittees of the Professional Ethics Division, and promote the efficiency and effectiveness of JEEP Program.

NATIONAL PEER REVIEW COMMITTEE

To enhance the performance and quality of non-SEC accounting, auditing and attestation engagements performed by AICPA members and their firms, by administering the AICPA Peer Review Program, primarily for those firms required to be registered with and inspected by the Public Company Accounting Oversight Board (PCAOB). Formerly known as the Center for Public Company Auditing Firms (CPCAF) Peer Review Committee.

Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement

To Volunteer Committee Members or Non-Members

Membership on a volunteer group in a member organization with more than 330,000 members such as ours provides an opportunity for you to network with your peers and serve your profession by working on various interesting and worthwhile assignments.

Your acceptance and ultimate participation on a volunteer group entails a responsibility to assist in achieving the objectives of the volunteer group through preparation for, and attendance at, its meetings and participating in its deliberations. All Volunteer Group members will be evaluated by the Chair of the group during the year regarding their attendance and participation at meetings.

We know that you have many demands on your volunteer time. We appreciate your willingness to use a part of that time to serve our profession. We hope you benefit as much by your volunteer service as the AICPA benefits from having members willing to volunteer.

All volunteers on any type of Volunteer Group (includes Committees, Subcommittees, Boards, Panels, Centers, and Task Forces) are required to review the Volunteer Service Policy and provide their signature to this "Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement" (the "Service Policy Agreement"). Your signature on the Service Policy Agreement indicates your agreement to abide by the Volunteer Service Policy (provided below) and the assignment of rights to copyright.

Any questions regarding the Service Policy Agreement should be directed to David Ray at 212-596-6030, Andrea Singletary at 212-596-6097 or via email at VolunteerServices@aicpa.org.

Volunteer Service Policy

Confidentiality

During the course of service as a member of a Volunteer Group, the member may have access to, or receive, information which is proprietary or confidential. Such information includes, but is not limited to; trade secrets, customer, employee or AICPA member data, information related to the operations or plans of the Institute or of firms, companies or individuals or which is otherwise personal, private or of a sensitive nature. Volunteer Group members must consider all information received or discussed during their service as confidential, and members may not use or disclose any such information without express permission from the Office of the Institute's President or its General Counsel or as permitted elsewhere in this Service Policy Agreement.

Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement

Communications

During recent years the activities of the Institute have increased rapidly in scope and variety. Most of these activities are conducted by or under the supervision of Volunteer Groups. To avoid over-lapping or duplication of effort and to maintain consistency in general policies, it is essential for all activities to be coordinated as effectively as possible.

It is also important that statements to the press or communications with outside groups, which may result in published statements attributed to the Institute, be screened for conformity with policies laid down by the Board of Directors. The Chair of the Board, the President and designated members of senior management have been delegated the responsibility for this function. All press releases and similar communications with reporters and financial writers on behalf of the Institute should be channeled through or cleared with the Office of the President of the Institute. The Washington Office should receive advance information about statements to be made to any branch of the Federal Government.

The following senior Volunteer Groups are authorized to make public statements without clearance from Council or the Board of Directors, on matters related to their area of practice:

- Accounting and Review Services Committee
- Accounting Standards Executive Committee
- AICPA Peer Review Board
- Assurance Services Executive Committee
- Auditing Standards Board
- Center for Audit Quality Governing Board
- Management Consulting Services Executive Committee
- Forensic and Valuation Services Executive Committee
- Private Companies Practice Section Executive Committee
- Personal Financial Planning Executive Committee
- Professional Ethics Executive Committee
- Professional Practice Executive Committee
- Tax Executive Committee

All statements concerning policy or technical matters issued on the authority of such Volunteer Groups should be clearly identified as such.

Pronouncements and outside communications of all other Volunteer Groups must be cleared by the Board of Directors prior to issuance.

Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement

Actions Which May Discredit the AICPA

Volunteer members should not engage in, promote, or participate in any activities which would reasonably be anticipated to discredit or result in damage to the AICPA's reputation or otherwise discredit the core standards and principles it or the CPA Profession represents.

Meetings

Care should be exercised in the decision to call a meeting and the selection of meeting sites to ensure effective meetings consistent with reasonable costs to the Institute and to the firms and other organizations of Volunteer Group members. Regarding meeting sites, meetings should be scheduled in locations that are easily accessible, are conducive to serious volunteer efforts, require a minimum of travel of Volunteer Group members and staff, and require the least expenditure of non-chargeable time compatible with Volunteer Group requirements. Considerations should be given to use of conference calls and use of computer technology which is available, such as teleconferencing in lieu of a meeting, whenever possible.

The purpose of a Volunteer Group meeting is to obtain the input of members and decisions on volunteer matters and where appropriate, produce material for use by the Volunteer Group and others. For effective Volunteer Group deliberations, and in fairness to other volunteer members, each member should spend whatever time is necessary to prepare for the meetings and then actively participate.

Ownership/Assignment of Copyright

From time to time, Volunteer Group members may be tasked with preparing various documents, guides, plans, standards and other material for use by the Volunteer Group and/or others outside of the group. (All such material is herein referred to as the "Work").

The Work and all updates and/or revisions thereof shall be considered as work made for hire for all purposes of the copyright Law. Accordingly, all of the rights comprised in the Work and the updates thereof shall vest in the AICPA, its successor and assigns, as the sole and absolute owner thereof. In the event it is determined that the Work is not considered as a work made for hire, the Volunteer Group member hereby assigns to the AICPA all of Volunteer Group member's rights, title and interest, including all rights of copyright in the Work to the AICPA. The AICPA shall have the sole right and power to apply for any and all copyrights in its name, in order that all copyrights so obtained shall vest in the AICPA, including the copyrights for any renewed or extended terms now or hereafter authorized by law. Whenever requested by the AICPA, the Volunteer Group member shall perform such acts and sign all documents and certificates which the AICPA may reasonably request in order to fully carry out the intent and purposes of this Paragraph.

Lifetime AICPA Volunteer Service Policy and Copyright and Confidentiality Agreement

Verification and Agreement

As a requirement of membership in an AICPA Volunteer Group (including without limitation, Committees, Subcommittees, Task Forces, Boards, Commissions, Panels, Expert Panels, Centers and Technical Resource Panels), I the undersigned hereby verify and state that I have read the above Service Policy Agreement, and I fully understand its terms. By affixing my signature below, I hereby agree to be bound by all of its terms and conditions including, without limitation, the sections dealing with Confidentiality and Ownership/Assignment of Copyright.

Please fax this signed document to the AICPA Volunteer Services Team at 212-596-6104 with the required information requested below.

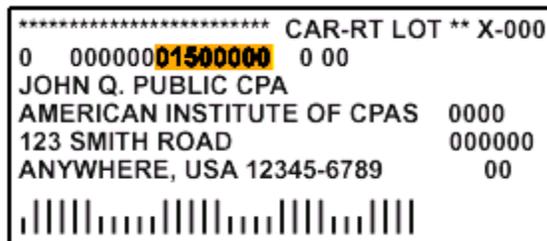
Name (please print) First: _____ MI: _____ Last: _____

Signature: _____ Date: _____

Member Number (*mandatory*): _____ *Member Number Lookup See Below*

How do I find my AICPA Member Number?

You can easily find your AICPA Member Number by looking at a recent issue of your Journal of Accountancy or The CPA Letter. Simply look at the mailing label on either publication – the last 8 digits in the first line on the label (right above your name) represents your membership number. Your membership number is also listed at the top of your dues bill.



Non-Members – Please contact us for assignment of a Customer Number, taking the place of a Member Number.

* This agreement will remain on file for a lifetime of AICPA volunteer service

Any questions or assistance needed, please contact David Ray at 212-596-6030, or Andrea Singletary at 212-596-6097 or via email at VolunteerServices@aicpa.org

Completing the Conference Request Form

The Department of Personnel Administration regulations (CCR §599.635) require advance approval to attend any conference or convention if the registration fees exceed \$50.00, or when more than two individuals from the same department attend. Attendance at a conference should be limited to those directly concerned with the topic. A conference (or convention) is defined as a meeting with a formal agenda, of persons to discuss or consult on specific work related subjects with the purpose of exchanging views, providing lecture or dialog, or providing or gaining skills and or information for the good of the State.

Cost and Time Information - Include the dollar amount for the cost of the conference registration and the estimated travel cost per person and the extended total amounts.

Registration fees may include meals that are determined to be an integral part of the conference. **Any meals that are optional, organized for social purposes, or are attended strictly for public relations purposes must be excluded from approved registration fees.** Employees that wish to participate must do so at their own expense and may only be reimbursed, if they are on travel status, at the allowable meal reimbursement rates.

Travel costs include:

Transportation expenses: Airfare, rental car, shuttle, parking, and mileage reimbursement (when using a private car)

Lodging expense: Room rate plus tax per night. In cases where the lodging expense exceeds the allowable rates per DPA rules and/or Bargaining Unit Contracts, an Excess Lodging Rate Request form (STD 255c) must also be submitted for advance approval.

Meal expenses: Include meals at the allowable meal reimbursement rates less any meals included in the registration fees.

Indicate whether or not any meals are included in the conference registration fee.

Indicate the method of payment necessary to complete the conference registration request. If the vendor requires advance payment, prepare and attach a requisition form (99J-27) to this request. If the employee prepaid the conference registration fee and will be requesting reimbursement on a travel expense claim make sure to check the appropriate box and submit the approved Conference Request Form and a valid proof of payment with the travel expense claim.

Conference Justification - Include the purpose for attending. If more than two employees are attending, include the reason.

Copies of the Conference Registration form and Agenda, if applicable must be attached to the Conference Request form.

Approval – The Department’s Executive Office must approve all requests where the registration fees exceed \$50.00, or when more than two individuals from the same department attend. All approvals are required prior to attendance.

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2010/11
Mid-Year Financial Report
(for period of 7/1/10 through 12/31/10)

CBA Agenda Item III.B.
March 24-25, 2011

	FY 2010/11 Received/Expended 7/01/10 - 12/31/10 (6 months) [9]	FY 2009/10 Received/Expended 7/01/09 - 12/31/09 (6 months) [9]	% Change FY 2010/11 to FY 2009/10 to (A:B)	FY 2010/11 Annual Governor's Budget 7/01/10 - 6/30/11 (12 months) [10]	FY 2010/11 Receipts/Expenditures Over/Under Budget (D:A)	FY 2010/11 Annual Projections (12 months) [11]
RECEIPTS						
Revenues:						
Renewals [1]	4,993,110	4,736,400	5.4%	8,645,500	-42.2%	8,813,941
Examination Fees	1,453,127	1,363,551	6.6%	3,022,000	-51.9%	2,904,442
Licensing Fees	461,739	487,100	-5.2%	908,900	-49.2%	924,300
Practice Privilege Fees	63,300	65,900	-3.9%	175,800	-64.0%	170,057
Miscellaneous [2]	28,486	32,640	-12.7%	53,720	-47.0%	56,372
Monetary Sanctions [3]	0	0	NA	0	NA	0
Penalties and Fines	2,412	1,210	NA	46,608	-94.8%	14,824
Total Revenues	7,002,174	6,686,801	4.7%	12,852,528	-45.5%	12,883,936
Interest	22,974	29,065		186,000	-87.6%	76,170
TOTAL NET RECEIPTS	7,025,148	6,715,866	4.6%	13,038,528	-46.1%	12,960,106
EXPENDITURES:						
Personal Services:						
Salaries & Wages	1,793,623	1,854,246	-3.3%	4,176,328	-57.1%	4,001,928
Benefits	743,448	705,125	5.4%	1,810,549	-58.9%	1,500,212
Total Personal Services:	2,537,071	2,559,371	-0.9%	5,643,957	-55.0%	5,502,140
Operating Expenses:						
Fingerprints	7,144	8,247	-13.4%	185,000	-96.1%	21,475
General Expense	63,003	70,168	-10.2%	167,996	-62.5%	167,996
Printing	49,221	58,459	-15.8%	97,008	-49.3%	97,008
Communications	18,033	13,746	31.2%	59,102	-69.5%	45,455
Postage	34,832	101,102	-65.5%	235,000	-85.2%	135,000
Travel: In State	30,463	47,854	-36.3%	131,237	-76.8%	131,237
Travel: Out of State	0	572	NA	0	NA	0
Training	4,194	1,545	171.5%	34,012	-87.7%	12,762
Facilities Operations	531,085	555,531	-4.4%	617,818	-14.0%	559,323
Utilities	0	0	NA	0	NA	0
Consultant & Professional Services Interdept.	0	0	NA	3,708	-100.0%	0
Consultant & Professional Services Ext.	148,744	124,329	19.6%	1,437,363	-89.7%	278,000
Departmental Services	567,193	651,540	-12.9%	1,196,186	-52.6%	1,196,186
Consolidated Data Center	30,000	30,000	0.0%	41,148	-27.1%	55,000
Data Processing	1,592	6,550	-75.7%	80,103	NA	37,969
Central Administrative Services	248,680	199,680	24.5%	498,436	-50.1%	497,360
Exams	131,400	131,506	-0.1%	0	NA	131,506
Enforcement	245,903	224,645	9.5%	1,713,551	-85.6%	610,569
Minor Equipment	4,543	33,656	-86.5%	46,100	-90.1%	46,100
Major Equipment	0	0	NA	37,000	-100.0%	37,000
State Controller Operations	0	0	NA	20,000	-100.0%	20,000
FI\$Cal [4]	0	0	NA	7,000	-100.0%	7,000
Total Operating Expenses:	2,116,030	2,259,130	-6.3%	6,607,768	-68.0%	4,086,946
TOTAL EXPENDITURES	4,653,101	4,818,501	-3.4%	12,251,725	-62.0%	9,589,086
Less Reimbursements	9,928	10,428	-4.8%	296,000	-96.6%	195,261
Less Cost Recovery	186,991	42,556	339.4%	0	NA	253,370
TOTAL NET EXPENDITURES	4,830,164	4,850,629	-0.4%	11,955,725	-59.6%	9,140,455
RECEIPTS IN EXCESS OF EXPENSES	2,194,984	1,865,237		1,082,803		3,819,651
BEGINNING RESERVES JULY 1 [5]	19,753,000	11,776,000		19,753,000		19,753,000
GENERAL FUND LOAN 2010 [6]	-10,000,000	0		-10,000,000		-10,000,000
Total Resources	11,947,984	13,641,237		10,835,803		13,572,651
PROJECTED ENDING RESERVES	11,947,984	13,641,237	-12.4%	10,835,803		13,572,651
GENERAL FUND LOAN 2002 [7]	(6,000,000)	(6,000,000)				
GENERAL FUND LOAN 2003 [7]	(270,000)	(270,000)				
GENERAL FUND LOAN 2008 [7]	(14,000,000)	(14,000,000)				
GENERAL FUND LOAN 2010 [7]	(10,000,000)					
MONTHS IN RESERVE (MIR) [8]	11.7	12.9		10.6		13.3

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2010/11
Mid-Year Financial Report
(for period of 7/1/10 through 12/31/10)

Footnotes:

- [1] Includes biennial renewals, delinquent and prior year renewals, and initial licenses.
- [2] Includes misc. services to the public, dishonored check fees, certification fees, duplicate licenses, name changes, over/short fees, suspended revenue, prior year adjustments, and unclaimed checks.
- [3] Enforcement monetary sanctions received as components of stipulated settlements and disciplinary orders approved by the CBA. These orders bring to a conclusion any accusations that had previously been filed by the Executive Officer, and are separate from fines or citations.
- [4] FI\$Cal is the Financial Information System for California, an historic project with four Partner Agencies having authority over the states's financial management. Comprised of the Department of Finance (DOF), the State Controller's Office (SCO), the State Treasurer's Office (STO), and the Department of General Services (DGS), the project represents a multi-year commitment by the State of California to operate within and integrated financial management sytem environment. Leveraging the power of Enterprise Resource Planning (ERP) will assist the project to integrate the data, functions and processes of state fiscal data management into one system. All Agencies contribute a portion of their expenditure authority to this project.
- [5] FY 2010/11 beginning reserve amount was taken from Analysis of Fund Condition statement, prepared by the Department of Consumer Affairs (DCA) Budget Office on August 11, 2010.
- [6] The CBA budget for FY 2010/11 includes a \$10 million short-term loan to the General Fund.
- [7] Funds borrowed per California Government Code Section 16320, which indicates that the Budget Act is the authority for The "terms and conditions" of the loans, per the Budget Act are: "The transfer made by this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer." (Estimated at .515% for 2010, 2.78% for 2008, 2.64% for 2002, and 1.64% for 2003 loan). "It is the intent of the Legislature that repayment be made so as to ensure that the programs supported by this fund are not adversely affected by the loan through a reduction in service or an increase in fees."
- [8] Calculation: expenditure authority for FY 2010/11 (\$12,251,725) divided by twelve months equals monthly expenditure authority (\$1,020,977). Total ending reserves divided by monthly authority equals "Months in Reserve" (MIR).
- [9] Received/Expended amounts through December 31, 2010 for FY 2010/11 and December 31, 2009 for FY 2009/10 incl and are taken from the DCA CalSTARS (FM06) Budget Report.
- [10] This column reflects figures provided in the Governor's Budget.
- [11] This column reflects CBA's annual revenue and expenditure projections for Fiscal Year 2010/11 based on six months of actual data.

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

CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2010/11
MID-YEAR FINANCIAL REPORT
(for period of 7/01/10 through 12/31/10)



DISCUSSION AND ANALYSIS OF FINANCIAL REPORT

BUDGET

As discussed in the January meeting, the California Board of Accountancy (CBA) has three budget change proposals (BCPs) that are undergoing Legislative review. One proposal is requesting a two-year limited term Office Technician position to assist with clerical workload in the CBA Peer Review Program. The second BCP is requesting 2.5 analyst positions to assist with new non-technical Enforcement Program workload related to probation monitoring, unlicensed activity, and continuing education auditing. Both of these BCPs are requesting position authority only, with salaries and operating expenses to be absorbed by the CBA's existing budget. The third BCP will reduce the CBA's Enforcement budget by \$1 million. All BCPs have been voted on and passed through Assembly and Senate subcommittees on State Administration and General Government. They will be included in the overall state budget that will be voted on by the Assembly and Senate.

The latest amendments made on February 28 to both the Assembly and Senate versions of the 2011 Budget Bill (AB 92 and SB 68) include language detailing an additional \$1 million loan and extension of the \$10 million loan made from the Accountancy Fund to the General Fund in FY 2010/11. Specific repayment dates have been excluded. Repayment of these two loans to the Accountancy Fund will be contingent on the CBA needing the monies or the General Fund not needing them. Specific bill language is provided in **Attachment 1**.

The Department of Finance (DOF) is proposing to amend Section 5134(f) of the Business and Professions Code (**Attachment 2**) to eliminate the CBA's requirement to maintain at least nine months of Reserve. It is expected that this amendment will be included in the Trailer Bill for this year's proposed Governor's Budget.

REVENUES/TOTAL RECEIPTS

During the first half of FY 2010/11, the CBA collected approximately \$7 million in total receipts, with exam, and renewal fees accounting for the majority of the revenue increases. This was an increase of about 4.6 percent when compared to the same period last fiscal year.

Initial licensing revenues decreased slightly from amounts received the prior year. Staff are monitoring these decreases to determine any trends.

Renewal revenues have increased by more than 5% during the first half of the year. The number of CPA license renewals received in the first half of FY 2009/10 totaled 17,308. In FY 2010/11 that number increased to 18,852 for the same period of time. Increases in renewal revenues have been typical in recent years as exhibited in the table below.

Renewal Revenue – Five Year History				
FY 2005/06	FY 2006/07	FY 2007/08	FY 2008/09	FY 2009/10
\$7,463,215	\$7,608,784	\$7,961,922	\$8,182,460	\$8,457,550

Exam revenues reflect a 6.6 percent increase. It is believed that the increase in the number of applications received can be attributed to the anticipation of changes to the Uniform CPA examination that took place on January 1, 2011.

**CALIFORNIA BOARD OF ACCOUNTANCY
FISCAL YEAR 2010/11
MID-YEAR FINANCIAL REPORT
PAGE 2**

EXPENDITURES

Total operating expenditures have remained relatively constant when compared to the mid-year figures of FY 2009/10. There are some notable changes. Departmental prorata decreased by approximately 13% due to lowered personnel costs associated with new bargaining unit contracts.

Postage expenses have decreased by approximately \$70,000. Last year's postal expenditures were inflated due to three mass mailings from CBA's Licensing Division. Written notice was given to inform stakeholders of AB 117, which required the holder of an inactive CPA license to specify that he or she is inactive when using specified CPA titles, designations, or references on correspondence, Internet Web sites, business cards, nameplates, or name plaques. Another mailing was made to inform stakeholders about AB 138 and Peer Review implementation. The third mailing was to inform interested parties regarding SB 819, and changes in licensing pathways and continuing education requirements.

External consultant services increased about 20 percent due to increased Enforcement Program investigative workload. Cost recovery was unusually high due to the CBA being reimbursed for past investigative costs of a single large case. Cost recovery income is variable and cannot be anticipated. Cost recoveries of this magnitude were not received in FY 2009/10.

RESERVES

The CBA ended the second quarter with 11.7 months in Reserve (MIR). The Reserve is expected to remain at or above the 9-month mandated levels through the end of FY 2011/12 even assuming the additional \$1 million loan and deferral of the \$10 million loan.

ADDITIONAL FINANCIAL REPORTING INFORMATION

Included in this quarter's financial report are a number of additions that have been included at the members' request at the November 2010 meeting. Staff have included an additional "Annual Projections" column (last column on the right) in the financial statement spreadsheet. This column projects revenues and expenditures for the entire fiscal year. It is important to note that annual expenditures projected for the enforcement operating expense line item are based only on what the CBA has spent in that category to date. No other factors are used in determining the projection. This estimate is not indicative of the number or type of enforcement cases the CBA anticipates being involved in or is currently investigating.

A breakdown of the CBA's budget by program component has been included in **Attachment 3**. The attachment provides breakdowns for the current year (to date) and past three fiscal years. This illustrates actual budgeted amounts assigned to each program and how much of that budget each program uses. The attachment also includes the number of staff assigned to each program.

Attachment 4 includes a graph that details annual CBA revenues and expenditures dating back to FY 2007/08.

**Loan Language from AB 92 and SB 68 as
amended February 28, 2011**

1110-011-0704--For transfer by the
Controller, upon order of the Director of
Finance, from the Accountancy Fund,
Professions and Vocations Fund, to the
General Fund as a loan (1,000,000)

Provisions:

1. The Director of Finance may transfer up to \$1,000,000 as a loan to the General Fund. The Director of Finance shall order the repayment of all or a portion of this loan if he or she determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.

1110-404--Notwithstanding Provision 1 of Item 1110-011-0704, Budget Act of 2010 (Ch. 712, Stats. 2010), the \$10,000,000 loan from the Accountancy Fund to the General Fund will be repaid upon order of the Director of Finance, subject to provisions of Item 1110-011-0704, Budget Act of 2010 (Ch. 712, Stats. 2010), excluding the specified repayment date. The Director of Finance shall order the repayment of all or a portion of this loan if he or she determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 5134 of the Business and Professions Code is amended to read:

5134. The amount of fees prescribed by this chapter is as follows:

(a) The fee to be charged to each applicant for the certified public accountant examination shall be fixed by the board at an amount not to exceed six hundred dollars (\$600). The board may charge a reexamination fee not to exceed seventy-five dollars (\$75) for each part that is subject to reexamination.

(b) The fee to be charged to out-of-state candidates for the certified public accountant examination shall be fixed by the board at an amount not to exceed six hundred dollars (\$600) per candidate.

(c) The application fee to be charged to each applicant for issuance of a certified public accountant certificate shall be fixed by the board at an amount not to exceed two hundred fifty dollars (\$250).

(d) The application fee to be charged to each applicant for issuance of a certified public accountant certificate by waiver of examination shall be fixed by the board at an amount not to exceed two hundred fifty dollars (\$250).

(e) The fee to be charged to each applicant for registration as a partnership or professional corporation shall be fixed by the board at an amount not to exceed two hundred fifty dollars (\$250).

(f) ~~The board shall fix the biennial renewal fee so that, together with the estimated amount from revenue other than that generated by subdivisions (a) to (e), inclusive, the reserve balance in the board's contingent fund shall be equal to approximately nine~~

~~months of annual authorized expenditures. Any increase in the renewal fee shall be made by regulation upon a determination by the board that additional moneys are required to fund authorized expenditures and maintain the board's contingent fund reserve balance equal to nine months of estimated annual authorized expenditures in the fiscal year in which the expenditures will occur. The biennial fee for the renewal of each of the permits to engage in the practice of public accountancy specified in Section 5070 shall not exceed two hundred fifty dollars (\$250).~~

(g) The delinquency fee shall be 50 percent of the accrued renewal fee.

(h) The initial permit fee is an amount equal to the renewal fee in effect on the last regular renewal date before the date on which the permit is issued, except that, if the permit is issued one year or less before it will expire, then the initial permit fee is an amount equal to 50 percent of the renewal fee in effect on the last regular renewal date before the date on which the permit is issued. The board may, by regulation, provide for the waiver or refund of the initial permit fee where the permit is issued less than 45 days before the date on which it will expire.

(i) (1) On and after the enactment of Assembly Bill 1868 of the 2005–06 Regular Session, the annual fee to be charged an individual for a practice privilege pursuant to Section 5096 with an authorization to sign attest reports shall be fixed by the board at an amount not to exceed one hundred twenty-five dollars (\$125).

(2) On and after enactment of Assembly Bill 1868 of the 2005–06 Regular Session, the annual fee to be charged an individual for a practice privilege pursuant to Section 5096 without an authorization to sign attest reports shall be fixed by the board at an amount not to exceed 80 percent of the fee authorized under paragraph (1).

(j) The fee to be charged for the certification of documents evidencing passage of the certified public accountant examination, the certification of documents evidencing the grades received on the certified public accountant examination, or the certification of documents evidencing licensure shall be twenty-five dollars (\$25).

(k) The board shall fix the fees in accordance with the limits of this section and, on and after July 1, 1990, any increase in a fee fixed by the board shall be pursuant to regulation duly adopted by the board in accordance with the limits of this section.

(l) It is the intent of the Legislature that, to ease entry into the public accounting profession in California, any administrative cost to the board related to the certified public accountant examination or issuance of the certified public accountant certificate that exceeds the maximum fees authorized by this section shall be covered by the fees charged for the biennial renewal of the permit to practice.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to address the fiscal emergency declared and reaffirmed by the Governor in January 2011 at the earliest possible time, it is necessary that this act take effect immediately.

OFFICE COPY	
Prepared By	_____
Approved By	_____

LEGISLATIVE COUNSEL'S DIGEST

Bill No.

as introduced, _____.

General Subject: Accountants.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy. Existing law sets forth the fee structure for licensure as an accountant, including for biennial renewal of a permit to practice. Existing law requires the board to fix the biennial renewal fee, in an amount not to exceed \$250, so that the reserve balance in the board's contingent fund is equal to approximately 9 months of annual authorized expenditures. Existing law allows an increase in renewal fees only upon a determination by the board that additional moneys are required to fund authorized expenditures and maintain the board's contingent fund reserve.

This bill would delete the requirement that the board fix the biennial renewal fee for purposes of maintaining the 9-month reserve balance in the contingent fund, and would delete the limitation that the biennial renewal fee may only be increased

when additional moneys are required to fund authorized expenditures and maintain the contingent fund reserve balance.

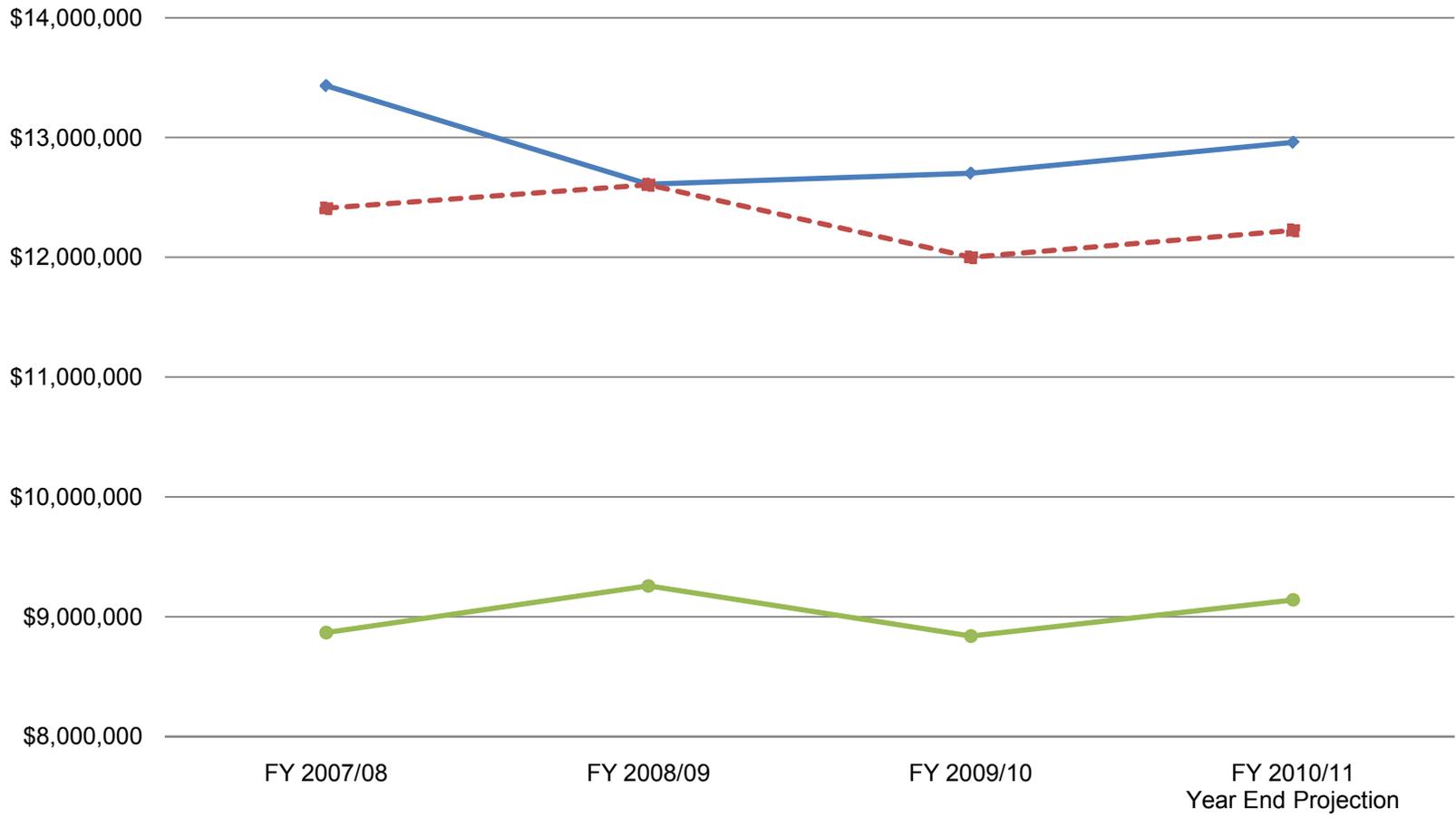
This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

DRAFT

CBA Budget Allocation History (including reimbursements)											
Mid-Year FY 2010/11	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$11,928,724	175,387	1,017,405	1,240,097	616,516	923,564	5,139,677	2,156,548	518,074		141,456
\$ Spent	\$4,392,562	59,252	491,689	651,380	281,054	435,647	1,149,168	1,040,984	249,173		34,214
Authorized Positions	84.0	2.0 ¹	9.0 ²	15.0	5	8.0 ²	20.0 ^{2,3}	21.0 ⁴	4		0
<p>1. Three Limited Term (LT) positions expired at the end of FY 2009/10. The positions were established to address unanticipated levels of workload during the program's inception. Workload has since stabilized and these positions are no longer needed.</p> <p>2. The Client Services Unit was closed in 2010 and staff were redirected to the Examination, Enforcement, and RCC units.</p> <p>3. The Enforcement Division received two positions from the approval of a FY 2010/11 Enforcement Legislative BCP to establish peer review requirements. (AB 138 Chapter 312, Statutes of 2009).</p> <p>4. The Administration Division received two LT positions from the approval of a FY 2010/11 Legislative BCP. The positions were established to assist in determining educational courses tied to the new 150-hour requirement effective January 2014. (SB 819, Chapter 308, Statutes of 2009).</p>											
FY 2009/10	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$11,739,568	446,994	617,118	1,311,926	568,326	788,597	4,970,948	1,830,145	591,295	501,841	112,378
\$ Spent	\$8,635,398	301,775	665,369	1,122,477	517,342	805,498	2,601,959	1,564,363	469,070	409,554	177,991
Authorized Positions	83.0	5.0	6.0	15.0	5.0	7.0	17.0	19.0	4.0	5.0	0.0
FY 2008/09	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services	Board
\$ Budgeted	\$12,417,899	494,269	648,337	1,519,371	514,956	909,587	4,985,373	2,068,830	655,651	515,029	106,496
\$ Spent	\$9,181,841	375,141	693,167	1,296,551	451,308	851,468	2,504,456	1,820,381	644,070	418,855	126,444
Authorized Positions	83.0	5.0	6.0	15.0	4.0	8.0	16.0	19.0	5.0	5.0	0.0
FY 2007/08	Total Budget Act	Practice Privilege	Exam	Initial Licensing	Licensing Administration	RCC	Enforcement	Administration	Executive	Client Services (Set Up)	Board
\$ Budgeted	\$12,113,217	477,732	579,856	1,480,862	503,169	884,437	4,867,490	2,014,969	641,906	556,460	106,336
\$ Spent	\$8,402,081	288,083	710,356	1,313,195	458,266	782,238	2,126,920	1,823,105	627,985	138,641	133,292
Authorized Positions	83.0	5.0	6.0	15.0	4.0	8.0	16.0	19.0	5.0	5.0	0.0

CBA Total Revenue and Expenditures



—◆— Revenue - -■- CBA Budget —●— Expenditures

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

Board Agenda Item V.A
March 24-25, 2011

EXAMINATION	December	January	February
CPA Examination Applications Received			
First-time Sitter	377	533	562
Repeat Sitter	1879	1378	671
Processing Time Frames			
First-time Sitter	33	16	15
Repeat Sitter	7	9	10
Appeals			
Management-Level Appeals	22	14	18
Board-Level Appeals	0	0	0
INITIAL LICENSING	December	January	February
CPA Licensure Applications Received			
CPA	298	336	291
Partnership	10	10	8
Corporation	21	16	31
Fictitious Name Permit (Registration)	18	21	10
Processing Time Frames			
CPA	21	13	19
Partnership	24	9	9
Corporation	24	9	9
Fictitious Name Permit (Registration)	24	9	9
Applicants Licensed Under			
Pathway 0	0	1	2
Pathway 1A	63	47	52
Pathway 1G	68	46	58
Pathway 2A	109	69	70
Pathway 2G	149	123	129

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

RENEWAL AND CONTINUING COMPETENCY	December	January	February
Licenses Renewed			
CPA	2,985	3,059	2,950
PA	0	2	6
Partnership	31	30	58
Corporation	72	62	177
CE Worksheet Review			
CPA/PA Applications Reviewed	3,081	2,379	2,461
Deficient Applications Identified	128	123	530
Compliance Responses Received <i>(Including Requests for Inactive Status)</i>	75	65	50
Enforcement Referrals	0	0	0
Outstanding Deficiencies <i>(Including Abandonment)</i>	53	58	480
PRACTICE PRIVILEGE	December	January	February
Notifications Received			
Hardcopy	93	125	83
Electronic	217	337	271
Disqualifying Conditions Received			
Approved	4	2	4
Denied	0	0	0
Pending	2	1	0
Practice Privilege Suspension Orders			
Notice of Intent to Suspend	0	1	1
Administrative Suspension Order	0	0	0

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

DIVISION AND UNIT ACTIVITIES

Examination Unit

- The processing time frame for first-time candidate examination applications decreased to within 16 days of receipt in the month of January. This is a huge decrease compared to the month of November in which applications were being processed within 45 days. One factor contributing to the decrease in processing time frames is a decline in the number of applications received during the month of December, most likely due to changes in the CPA Exam (referred to as CBT-e), which went into effect January 2011. In December 2010 and January 2011, there was a 20% and 29% decrease respectively in the receipt of first-time applications when compared to December 2009 and January 2010.

In addition, with the assistance of the IT Unit, staff made major changes in score processing that eliminated the need to manually process examination scores in a candidate's client account. Effective with the scores received at the end of 2010, scores were automatically uploaded in the candidate's client account as "final". This modification eliminated the prior requirement that staff manually pull candidates examination files and update each score from "advisory" to "final". Staff were able to focus on processing files for candidates who passed the examination and reviewing first-time and repeat applications.

- In February, letters were mailed to CBA members and members of the Qualifications, Enforcement Advisory, and Peer Review Oversight Committees in order to establish a pool of individuals to assist in evaluating the administration of the computer-based CPA Exam at Prometric Testing Centers. Staff anticipates that in 2011 site visits can be performed at all of the Prometric Testing Centers throughout California.
- The Examination Unit continues to have three vacant positions, one full-time Staff Services Analyst Limited Term, one full-time Office Technician, and one Retired Annuitant.

Initial Licensing Unit

- The Initial Licensing Unit continues to have one full-time Office Technician position vacancy.

Renewal and Continuing Competency Unit

- The License Renewal/Continuing Competency Unit continues to have four vacancies, two full-time Office Technicians (OT), one permanent intermittent OT, and one OT Retired Annuitant.
- A total of 14 regulatory review courses have been approved this year. Since January 1, 2011 four additional course applications have been received and are in the process of being reviewed. Staff continues to work with one potential course provider to amend their course materials.

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

DIVISION AND UNIT ACTIVITIES CONTINUED...

Practice Privilege Unit

- A notice was posted to the CBA Web site notifying out-of-state licensees that on January 1, 2011, Section 5050(b) of the Business and Professions Code on temporary and incidental practice became inoperative.

COMMITTEE NEWS

- The Accounting Education Committee (AEC) meeting held its most recent meeting at the CBA office on February 18, 2011. Productive discussions were held regarding consideration of accepting a specified master's degree to meet the 20 units of accounting study, the work of the subcommittee formed at the September 2010 meeting, and the use of educational documents to identify the 20 units of accounting study. The next meeting of the full AEC will be held on April 15, 2011 in Sacramento.
- At the January 26, 2011 Ethics Curriculum Committee (ECC) meeting, a subcommittee consisting of Mr. Gary McBride and Mr. Robert Yetman was established to provide the full committee a framework for the ethics study guidelines. The subcommittee held its first meeting on February 22, 2011 and will present its report and proposal at the next ECC meeting. The next meeting of the full ECC will be held on April 6, 2011 in Sacramento.

Memorandum

CBA Agenda Item V.B.
March 24-25, 2011

To : CBA Members

Date : March 17, 2011

Telephone : (916) 561- 1740

Facsimile : (916) 263- 3676

E-mail : dpearce@cba.ca.gov

From : Deanne Pearce, Chief
Licensing Division

Subject : Residency Requirement for the Uniform CPA Examination and Licensure as a CPA
in California

At the January 2011 California Board of Accountancy (CBA) meeting, CBA members requested additional information regarding residency requirements for candidates of the Uniform CPA Examination (CPA Exam) and Certified Public Accountant (CPA) licensure in California. Provided for members deliberations is background information on residency requirements, other state board of accountancy residency requirements, and present legal guidance on establishing a residency requirement.

Background on Residency Requirements

Beginning in 1957, the CBA had a residency requirement for out-of-state licensees seeking licensure in California (**Attachment 1** – former Section 5096 (now renumbered and moved to Section 5087 – (Statutes 1957, Chapter 235, Section 1).

Specifically, Section 5096 required:

“(1) He shall be [a] citizen of the United States, or have declared his intention of becoming a citizen, over the age of 21, and of good moral character.” **and**

“(2) He must be a bona fide resident of California, or have a place in California for the regular practice of public accountancy and be actively engaged in such practice although not necessarily so engaged personally in California.”

Between 1957 and 1994 an amendment was made to Section 5096 to delete the requirement that the applicant be a United States citizen, although staff were unable to find information to identify who sponsored this amendment or the reason(s) supporting this amendment.

In 1994, the CBA sponsored legislation (Senate Bill (SB) 2079, Chapter 1298, Statutes 1994) that removed the California residency requirement for licensure in addition to other changes relative to licensure as a CPA in California.

The following historical information was found in an analysis of SB 2079, which provides reasoning as to why the residency requirement was deleted:

“The board’s legal counsel has advised that the current residency requirements for licensure in this state are unconstitutional and should be repealed. Therefore, this measure removes the stipulation that a CPA of another state must be a resident of California, or have a place of practice in California in order for the board to issue a license.”

The residency requirement in SB 2079 pertained specifically to licensure and during staff’s research no historical information could be found pertaining to residency requirements for examination.

Residency Requirements of Other State Boards of Accountancy

Staff learned that prior information provided to members by representatives of the National Association of State Boards of Accountancy (NASBA) regarding the residency requirement of other jurisdictions was misstated. Although it was previously reported that California is one of only 11 states that does not have residency requirements for candidates to sit for the CPA Exam, NASBA recently clarified that most states do not require residency. Only six jurisdictions have some type of residency requirement for CPA Exam candidates.

According to information obtained from NASBA and NASBA’s Accountancy Licensing Library, below are the jurisdictions that currently have a residency requirement and information specific to their residency requirements:

Louisiana

Louisiana requires first-time exam applicants to have maintained continuous residency in Louisiana for 120 days within one year preceding the CPA Exam application date. *(This is certified by the applicant via a penalty of perjury statement).*

Kansas

Kansas requires first-time and repeat candidates to be Kansas residents, or have a place of business in Kansas as a public accountant, or be employed full-time in a public accounting firm in Kansas.

Missouri

Missouri requires first-time applicants to be residents of Missouri, have a place of business in Missouri, or be regularly employed in Missouri to be eligible to sit for the CPA Exam.

Nebraska

Nebraska requires first-time and repeat candidates to be residents of Nebraska, have a place of business, or be regularly employed in the state of Nebraska.

Rhode Island

Rhode Island requires first-time and repeat candidates to be residents of Rhode Island, be regularly employed in Rhode Island, or have a place of business in Rhode Island.

South Carolina

South Carolina candidates are not required to be residents of South Carolina in order to qualify for South Carolina candidacy. However, South Carolina residents are required to take the CPA Exam as South Carolina candidates if they intend to seek licensure in South Carolina. If residents of South Carolina elect to qualify in another jurisdiction, they will not be able to transfer their records to South Carolina at a later date.

Legal Guidance regarding Residency Requirements

The CBA's legal counsel indicated that presently there is no express authority in the Accountancy Act to implement a residency requirement. The Accountancy Act expressly provides many pathways for licensure or other privileges to practice public accountancy for out-of-state residents and foreign candidates without imposing a residency requirement (Sections 5087, 5088, 5082.3, 5082.4, 5082.5, and 5096). As a result, these statutes would all need to be amended to allow an express prohibition based upon residency.

Any amendment to the CBA's laws to include a residency requirement would likely be challenged and found unconstitutional in light of case law in this area. As the United States Supreme Court has stated in analyzing residency requirements for lawyers in other states,

“A State may discriminate against nonresidents only where its reasons are ‘substantial’ and the difference in treatment bears a close or substantial relationship to those reasons.” (*Supreme Court of New Hampshire v. Piper* (1985) 470 U.S. 274, [84 L.Ed.2d 205, 105 S.Ct. 1272]).

The CBA would need to articulate a compelling or substantial reason for implementing a residency requirement. Otherwise, any amendment to CBA's laws requiring residency would likely fail to pass constitutional muster.

When deliberating this matter, CBA members should be aware that approximately 20% of the CBA's candidates for the CPA Exam and 10% of the CBA's new licensees reside or have an address outside of California.

I will be available at the meeting to answer any questions you may have and to receive direction on how the CBA would like to proceed.

Memorandum

CBA Agenda Item V.C.
March 24–25, 2011

To : CBA Members

Date : March 17, 2011

Telephone : (916) 561-1754

Facsimile : (916) 263-3676

E-mail : lwalker@cba.ca.gov

From : Liza Walker, Manager
Examination Unit

Subject : International Delivery of the Uniform CPA Examination

The California Board of Accountancy (CBA) has considered the international delivery of the Uniform CPA Examination (iExam) over the past eighteen months, most recently at the January 2011 CBA meeting. Over this time staff, the National Association of State Boards of Accountancy (NASBA) and American Institute of Certified Public Accountants (AICPA) have provided various materials for members' consideration.

On October 17, 2010, NASBA, in conjunction with the AICPA and Prometric, issued a press release announcing that the Uniform CPA Examination (CPA Exam) "will be offered outside the 55 U.S. jurisdictions for the first time in its history in 2011...The international exam will be the same as the one offered in the U.S., using the same computerized format and administered in English. As in the U.S., the purpose of taking the examination will be to qualify for licensure as a CPA through U.S. state boards of accountancy."

Provided below is information to assist members in their deliberations to determine whether the CBA wishes to participate in iExam.

Background

At the July 24, 2009 CBA meeting, Ken L. Bishop, Senior Vice President of NASBA, and Craig N. Mills, Vice President of the AICPA, chronicled the evolution of the idea of iExam and presented their implementation model (**Attachment 1**).

Currently, the CPA Exam is administered only at Prometric testing centers in the United States, District of Columbia, Guam, Puerto Rico, and the Virgin Islands. California candidates are allowed to take the CPA exam at any of these Prometric testing centers. Further, California has one of the largest populations of international candidates. International candidates are required to travel to one of the above-listed locations in order to sit for the CPA Exam.

NASBA began researching the possibility of allowing candidates in international locations to sit for the CPA exam in their home countries approximately five years ago, at the request of several state boards of accountancy. At that time, a committee comprised of volunteers from NASBA, AICPA and Prometric was created to determine feasibility. The initial rationale for allowing international candidates to sit in their home country was merely a matter of convenience for the candidate. At that time, the risks associated with delivering the exam internationally outweighed the need for providing convenience.

In the past five years, the global economy has changed dramatically. Many organizations have a nexus to international locations which require CPAs to be stationed on the ground worldwide to accommodate those business relationships. What was considered a matter of convenience five years ago has developed into a necessity and, therefore, changed the impetus for moving forward with the proposal for the international delivery of the CPA Exam.

NASBA/AICPA's Plan

The committee of NASBA, AICPA and Prometric designed an implementation plan to benefit domestic candidates and increase the influence of the U.S. CPA designation throughout the world.

Key elements of the plan are:

- Eligibility is based on state requirements.
- Candidates still apply through state boards.
- Candidates sign NASBA's "informed consent," including a commitment to obtain licensure and adhere to certain security policies, prior to being approved to sit for the exam.
- Outreach to employers concerning the advantages of licensure.
- NASBA will maintain a centralized database, possibly with a link to the Accountancy Licensee Database, of all international licensees and their license status.
- Candidates commit to a code of ethics, a system of discipline, CPE and lifelong learning at the time that they pay the additional fee to NASBA to take the CPA Exam at an international location.
- Candidates agree that all information, including license status and disciplinary actions, can be provided to NASBA and AICPA.
- Scores are "archived" or made inactive by NASBA if the candidate who sits internationally does not achieve or maintain a U.S. CPA license.
- Uniform passing letter for all participating states.
- States authorize NASBA and AICPA to cancel scores of questionable validity.
- Candidate agrees to jurisdiction of state and/or binding arbitration of disputes.

Provided below are issues and concerns discussed by CBA members related to iExam. Some issues have previously been deliberated, but are included for

reference purposes to consider during member deliberations on whether to participate in the iExam program.

Security of the CPA Exam Administered Internationally

At the request of former CBA Member Robert Petersen at the July 2010 meeting, staff contacted Mr. Bishop to obtain a status update on the iExam project. Following two e-mail communications, a letter was sent to Mr. Bishop requesting clarification on several topics related to iExam and requesting a representative from NASBA to provide an update and answer any further questions members may have regarding the project (**Attachment 2**). Mr. Bishop accepted the invitation to attend the September 2010 CBA meeting and provided an update on iExam and responded to questions included in Attachment 2.

In response to staff's query regarding the specific security measures in place to protect the exam, Mr. Bishop explained that security is of the up-most importance and that several measures have been taken to ensure the security of the CPA Exam. He pointed out that the pilot foreign countries selected for administration of the iExam rated high in the international standards used to measure the safety and testing environments. He added that reviewing scoring trends and pass rates, in addition to continual monitoring of blogs, will take place to detect any indications of cheating.

Mr. Bishop explained that the CPA Exam is an aggressive modified adaptive exam. This means that a candidate who is trying to harvest questions and who is not actually prepared to take the CPA Exam will never see the high value questions due to being unsuccessful at the lower level questions. In addition, security measures such as shorter testing windows, doubling the number of available test questions, and segregating questions used on domestic versus international exams will be utilized.

A March 2011 International Testing FAQs document states that the countries were chosen based on the following criteria:

1. Volume demand as demonstrated by candidates from those countries taking the CPA Exam in the United States;
2. Ability to deliver the CPA Exam without legal obligations;
3. Security threat to the CPA Exam (both physical security at test center and intellectual property security of Exam content) assessed at levels equivalent to those presented domestically; and
4. Existence of established Prometric test centers. It should be noted that Prometric offers examination services in over 160 countries at 7,500 locations.

Enforcement

The CBA has previously expressed concerns about enforcement activities in foreign countries. Both the Accountancy Act and California Business and Professional Code currently contain several sections of law that gives the CBA the authority to

deny an application to take the licensing examination, deny admission to current and future licensing examinations, void examination grades, and deny an application for a license for the following acts:

1. If an individual made a false, fraudulent, or materially misleading statement or a material omission in any application for a license, examination, or registration.
2. Cheated or subverted or attempted to subvert any licensing examination.
3. Aided, abetted, or conspired with any other person to violate paragraph (1) or (2).
4. Any act that if committed by an applicant for licensure would be grounds for denial of a license or registration under Section 480 or if committed by a licensee or a registrant would be grounds for discipline under Section 5100.
5. Any act committed outside of this state that would be a violation of this article if committed within this state.

NASBA clarified that licensing international candidates would not give them practice privileges in their home countries. However, it would allow U.S. companies that have engagements in foreign countries that are incidental to U.S. engagements to utilize U.S. CPAs on the ground in those countries. In these instances, the state where that CPA is licensed would have jurisdiction over that engagement.

In addition, NASBA believes that the likelihood of increased enforcement would be minimal. The majority of international licensees would not be signing audits, but rather working in business and industry. Therefore, the majority of enforcement would be compliance with licensure requirements.

Presently there are California licensed CPAs living outside of the state and country. If a complaint is filed against a licensee the same process and procedures would be utilized in taking enforcement action against that licensee regardless of where they took the CPA Exam.

NASBA Licensure Commitment Requirement

Candidates electing to take the CPA Exam in an international location will be required to seek licensure within three years of passing the exam. Otherwise, scores obtained on the CPA Exam will be archived and not available to the candidate. When discussing CBA participation in the iExam program, the items below should be taken into consideration as possible licensure impediments to candidates taking the CPA Exam internationally.

U.S. Social Security Number Requirement

Pursuant to Section 30(a) of the California Business and Professions Code, "Notwithstanding any other provision of law, any board, as defined in Section 22, and the State Bar and the Department of Real Estate shall at the time of issuance of the license require that the licensee provide its federal employer identification number, if the licensee is a partnership, or his or her social security number for all others."

Although an applicant may take the CPA Exam without having a U.S. Social Security Number, this provision of law prohibits California from issuing a license to an individual who does not possess a U.S. Social Security Number. According to the Social Security Administration, to apply for a Social Security number to work in the United States, an applicant must show current immigration documents with work authorization. Therefore, the CBA would be prohibited from issuing a license to an individual who is unable to provide a U.S. Social Security Number.

Verification of Experience

A provision within the CBA Regulations requires that all applicants with foreign attest work experience appear at a Qualifications Committee (QC) Meeting. Typically QC meetings are held four times a year in California. It is presumed that most international candidates would be subject to this requirement. Regardless of whether the CBA agrees to participate in the iExam program, international applicants for licensure would still be required to have their foreign attest workpapers reviewed by the QC.

Benefits of iExam

The CBA questioned how having California licensed CPAs in foreign countries would benefit the consumers of California. NASBA responded that in some countries there is no designation or certificate to demonstrate competency in areas such as preparing financial reports. The only way for these individuals to demonstrate they have mastered these skills is to pass the CPA Exam. This benefits Californians by increasing the quality of financial statements and reports used by California business and industry, but prepared in foreign countries.

Other possible benefits of iExam include:

- Potential reduction in cost of the domestic exam program.
- Improvement to AICPA and NASBA infrastructure.
- Increased public protection of the CPA designation.
- Growth of the influence of the U.S. CPA designation internationally.
- Licensure allows candidates to access the U.S. profession as a community and a resource.
- Allowing foreign students who completed their studies in the U.S. to return to their home country to take the CPA Exam and become a U.S. CPA licensee.

It is expected that the state-based licensure process will drive increased licensure rates, resulting in reduced exam fees for domestic candidates. Further, it is in the interest of the U.S. CPA and the American public for the U.S. CPA designation to be one of the most influential in the world. The public will benefit from more candidates becoming licensed and committing to lifelong learning and a system of discipline. Further, it is anticipated that fewer candidates who pass the exam will hold themselves out as a CPA without a license.

Next Steps of the iExam Program by NASBA/AICPA

iExam will initially be offered in Japan, Bahrain, Kuwait, Lebanon and the United Arab Emirates. NASBA will begin registration for the iExam beginning in May 2011, with the first administration of iExam in August 2011. NASBA hopes to make available to candidates a list of participating state boards in April 2011.

Initially iExam will be offered during a one month testing window. After the initial administration in August 2011, future testing months during which the exam will be administered internationally will be November 2011 and February and May 2012.

Candidates who sit for the CPA Exam internationally will be required to pay a surcharge of between \$150 to \$200 dollars, in addition to the state board's application fee and NASBA's test section fees. The purpose of the administrative fee is to ensure international administration of the CPA Exam will not impact or increase fees for domestic candidates.

According to a press release dated March 1, 2011, issued jointly by the AICPA, NASBA, and Prometric, testing in the new international locations will only be open to "citizens and long-term residents of the countries in which the exam is being administered. In the Middle East, citizens of Egypt, Jordan, Oman, Qatar and Saudi Arabia may take the exam in one of the Middle East locations. U.S. citizens living abroad are eligible to test at any location."

To date, the Washington State Board of Accountancy has affirmatively agreed to participate in the iExam Program. NASBA anticipates that by April 1, 2011, Colorado, Delaware, Illinois, Massachusetts, New Hampshire, and Texas state boards will also agree to participate in iExam.

As mentioned above, NASBA hopes to compile a list of participating state boards next month. Following the March 2011 meeting, staff will prepare a letter detailing the CBA decision as to whether or not we intend to participate in the International CPA Examination Administration program.

I will be available at the meeting to answer any questions you may have.

Memorandum

CBA Agenda Item V.D.
March 24-25, 2011

To : CBA Members

Date : March 17, 2011

Telephone : (916) 561-1754

Facsimile : (916) 263-3676

E-mail : lwalker@cba.ca.gov

From : Liza Walker, Manager
Examination Unit

Subject : CBA's Passage Letter for the Uniform CPA Examination

At the September 2010 California Board of Accountancy (CBA) meeting, Mr. Bishop, Senior Vice President of the National Association of State Boards of Accountancy (NASBA), discussed NASBA's concern regarding the CBA's letter issued to candidates who have successfully passed all parts of the Uniform CPA Examination (CPA Exam). Mr. Bishop stated that some CBA exam passage letters issued to foreign candidates are being displayed as certificates.

The CBA has been issuing the present exam passage letter for more than 10 years (**Attachment 1**). Below is background related to the issuance of the CBA's current exam passage letter.

Background

At the May 2001 Committee on Professional Conduct (CPC) meeting, Mr. Ron Tom of Governmental Advocates, representing DeVry University including Becker-Convissor, a provider of review courses for CPA Exam candidates, requested that the CBA provide to foreign candidates a document suitable for framing to display that they were successful in passing the CPA Exam. Mr. Tom explained that these candidates were not interested in working as CPAs in California but that the credential was highly valued in foreign countries. At that time, an exam passage letter was already being provided by the CBA to successful candidates, but it was not suitable for framing.

During deliberations at the CPC, members suggested that it may be more appropriate for the AICPA to issue the letter and that the CBA letter may look like an authorization to practice. After lengthy deliberation by the CPC, staff was directed to bring back a revised version of the exam passage letter to the CBA for consideration at the July 2001 meeting.

At the July 2001 CBA meeting staff presented a modified exam passage letter more suitable for framing. The changes to the original exam passage letter consisted of

enlarging the font to be more easily read if framed, the standard embossing that was placed on the bottom of the letter was replaced by a gold seal, and adding a paragraph that states the individual is not licensed to practice. The CBA unanimously adopted the revisions to the exam passage letter, which is still being used today for all California candidates, domestic and foreign.

Staff Modified Exam Passage Letter

Mr. Bishop explained at the September 2010 CBA meeting that a benign pass letter was being drafted by NASBA for issuance once a candidate is successful in passing the CPA Exam. In response to the comments made at the meeting, staff provided members background related to the current CBA CPA Exam passage letter in the January 2011 iExam agenda item. At that meeting, Board President Anderson asked staff to bring back a modified exam passage letter to the March meeting.

Attachment 2 is a draft letter prepared by staff for review and discussion purposes. The most significant proposed change to the exam passage letter is the elimination of the gold seal in the lower right hand corner. Based upon discussion at the September 2010 CBA meeting, use of the gold seal may have made the letter appear more like a certificate as opposed to notification of passage of the CPA Exam, only the first step in the licensure process.

Following input from members regarding the draft exam passage letter (Attachment 2), staff will immediately incorporate any edits and begin utilizing the revised letter for all California candidates, domestic and foreign, successful in passing the CPA Exam.

I will be available at the meeting to answer any questions you may have.

Memorandum

CBA Agenda Item V.E.
March 24-25, 2011

To : CBA Members
Date : March 15, 2011
Telephone : (916) 561-4310
Facsimile : (916) 263-3676
E-mail : dfranzella@cba.ca.gov

From : Dominic Franzella, Manager
License Renewal & Continuing Competency Unit

Subject : Update and Implementation Plan on Pending Fee Reduction Regulations Title 16 CCR Section 70

At its March 2010 meeting, the California Board of Accountancy (CBA) unanimously approved a motion to reduce the license renewal fee and the initial licensing fee for a term of four years. At that meeting, members also approved the initial regulatory language establishing an effective date at July 1, 2011. Since the program changes necessary to implement the fee reduction for initial licensing fees are handled internally, this memorandum focuses exclusively on the impact the delayed review of the rulemaking file has on the license renewal process.

The CBA elected to reduce the licensing fees based on the following: the present economic environment, mitigating the cost of the recently enacted peer review requirement, and a "healthy" Accountancy Fund reserve. Below is a quick background regarding the rulemaking activities undertaken by the CBA relative to the proposed fee reduction.

The rulemaking process began with the notice of proposed regulatory changes to the fees being published, as required by the Administrative Procedure Act (APA), by OAL in the *California Regulatory Notice Register* on May 28, 2010. The publication date established a one-year period in which the CBA was required to complete the rulemaking process culminating in the submission of the rulemaking file to OAL on or before May 28, 2011.

During the one-year rulemaking period, the CBA performed the following relative to the rulemaking process:

- Held the required regulatory hearing on July 28, 2010.
- Adopted the proposed language at the conclusion of the hearing (with some minor technical revisions).

Update and Implementation Plan of the Pending Fee Reduction Regulations

Page 2 of 4

- Issued a 15-day re-notice to incorporate some technical changes to the language (specifically, to change the regulatory language describing the effective date from “licensees renewing on or after July 1, 2011” to “licensees with an expiration date after July 1, 2011”).
- Compiled all necessary documents to finalize the rulemaking file.

Staff submitted the rulemaking file to the Department of Consumer Affairs (DCA) on August 23, 2010. This initiated the standard review process all CBA-related rulemaking files follow prior to submission to OAL. Once DCA completed its review, the file was sent to the Secretary of State and Consumer Services Agency (SCSA) for approval. Finally, SCSA sent the file to the Department of Finance (DOF), which occurred in early October 2010.

Prior to both the SCSA and DOF review process being considered complete, each must sign the Fiscal/Economic Impact Statement (Std. 399). With the exception of DCA, which has a self-imposed 30-day review time, neither SCSA nor DOF have a required (either by the APA or self-imposed) time in which to complete their respective reviews.

In planning for the programming changes needed to implement the license renewal fee reduction staff originally determined that March 4, 2011 was the last date by which OAL approval on the rulemaking file could be received. By meeting this date, staff and DCA would have sufficient time to facilitate the below steps to the fee reduction into production so the new fee would appear on the first group of affected licensees' (licensees expiring July 31, 2011) license renewal application set for production on April 23, 2011.¹ DCA will not begin work on the below changes until OAL approves the fee reduction rulemaking file.

- Create new accounting codes by DCA Budget Office – (one week)
- Legal review of any proposed changes to the license renewal application and information included with the application – (one week)
- Create changes to CAS and license renewal applications by DCA Office of Information Services (OIS) (six weeks: includes time to update CAS, test the changes, have the CBA staff approve the changes, and place the changes into production)

¹ The CBA has applications sent to licensees approximately 100 days prior to expiration date. This is to provide sufficient time for licensees to complete the license renewal application, coordinate any last minute continuing education, and include the required continuing education on the reporting worksheet.

Update and Implementation Plan of the Pending Fee Reduction Regulations

Page 3 of 4

As noted earlier, staff submitted the rulemaking file to DCA on August 23, 2010. Understanding the priority the CBA placed on the fee reduction, both DCA and SCSA performed expedited reviews of the rulemaking file allowing SCSA to provide the file to DOF in early October. Staff, with the assistance of DCA, continually reached out to DOF to monitor the status of the file until DCA and CBA received notice of approval on March 10, 2011.

Staff became concerned around early February 2011 that the deadline March 4, 2011 deadline might pass without the CBA receiving OAL approval on the rulemaking file, staff explored whether other alternatives existed to possibly delay the production of the license renewal applications. According to DCA, staff could, in fact, request a delay in producing the license renewal applications. If staff did request such a delay, the license renewal applications for the first group of affected licensees would be produced on May 28, 2011 in conjunction with the license renewal applications for licenses expiring on August 31, 2011. This would decrease the lead time licensees have to complete the license renewal application and attend to any continuing education deficiencies from approximately 100 days to 60 to 70 days.

The rationale for delaying the mailing of license renewal applications for the first affected group of licensees is to, hopefully, ensure that licensees pay the appropriate license renewal fee. If the CBA maintained a status quo regarding production of the license renewal applications, the first set of license renewal applications would go out without reflecting the reduced fee. The license renewal application would note a license renewal fee of \$200 (and a delinquency fee of \$100). This scenario would then necessitate substantial staff time to issue refunds commensurate with the overpaid amount.

With this alternative in mind that the CBA could delay the production of the license renewal application by a little over a month, staff reexamined when final OAL approval of the regulations would need to occur. If the CBA worked with DCA to condense the seven to eight week processing time noted above, the CBA will need to receive final approval from OAL by April 14, 2011. With this deadline, the CBA and DCA could implement the necessary changes in order to have the July 31, 2011 license renewal applications in production by the May 28, 2011 production date.

Staff submitted the completed rulemaking file to OAL on Monday, March 14, 2011. Concurrently, staff also requested that DCA take the necessary steps to suspend the production of the July 31, 2011 license renewal applications. Pursuant to the APA, OAL has 30-business days to review and approve or disapprove a rulemaking file. Thus, with staff having submitted the rulemaking file to OAL on March 14,

Update and Implementation Plan of the Pending Fee Reduction Regulations

Page 4 of 4

2011, OAL has until April 25, 2011 to perform its review and approve or disapprove the file. Understanding that this date would put the CBA past the newly-established deadline of April 14, 2011, staff requested that OAL perform an expedited review and asked that it provide approval of the rulemaking file by April 14, 2011. Staff cannot offer members any guarantees that OAL will meet this request; however, given the simplicity of the rulemaking file, staff is hopeful that OAL will meet the CBA's request.

With the understanding that the fee reduction is one of the CBA's most important activities at present, staff proactively initiated outreach to stakeholders regarding the CBA's fee reduction proposal. Specifically, staff included information in two press releases in March and July 2010, and included two articles in the CBA's publication *UPDATE* in November 2010 and January 2011. Going forward, staff plan to issue a press release once OAL approves the rulemaking file. Staff will post the press release to the CBA Web site, as well as circulate notice of the press release using our social media outlets of E-news, Twitter, and facebook. Finally, staff will include information on the fee reduction in the upcoming *UPDATE* publications set for distribution in May and September.

Staff will provide an update to members on the rulemaking file, via the Executive Officer's Report, once CBA receives a decision from OAL. Additionally, through the Executive Officer's report staff will provide updates regarding the implementation of the fee reduction.

I will be available at the meeting to answer members' questions.

Memorandum

CBA Agenda Item VI.B
March 24-25, 2011

To : CBA Members

Date : March, 10, 2011

Telephone : (916) 561-1789

Facsimile : (916) 263- 3675

E-mail : lhersh@cba.ca.gov

From : Lauren Hersh
Information & Planning Manager

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

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

Staff Outreach Committee (OC)

- Outreach Calendar
 - The 2011 Outreach Calendar (**Attachment 1**) now includes Ambassador Program and other speaking engagements by CBA members, along with outreach activities by staff. Staff requests that members inform the CBA office when they have a presentation or speaking engagement on behalf of the CBA scheduled, so that it may be included on the Outreach Calendar and in the Annual Report.
 - Outreach Focus- Staff have designated March as Senior Outreach month and have been working with the Department of Consumer Affairs (DCA) to be represented at its senior outreach events, as noted on the Outreach Calendar. This included making materials available for presentation at the Concord Senior Center March 14.
 - DCA will not be holding its annual Consumer Protection Fair this year, but will instead focus on "Scam Buster" events. CBA staff is coordinating with DCA and will provide informational materials to be made available alongside that of Contractors State License Board and several other boards and bureaus at these events.
- Twitter
 - The CBA is being followed by several Twitter lists, which are groupings of Twitter accounts based on the interest of the host of the list. Among those lists are two hosted by exam candidates, and our tweets are

Update on CBA 2010-2012 Communications and Outreach Plan

shared alongside those from American Institute of CPAs, National Association of State Boards of Accountancy, the Internal Revenue Service, California Society of Certified Public Accountants, and other business and accounting-related accounts. The CBA is also following a list of California colleges and universities, as well as a few graduate programs that have Twitter accounts.

- Staff continues to send “Tax Tip tweets,” for consumers, information regarding E-News alerts, CBA meetings and committee meetings and other information of interest.
- Facebook- The CBA Facebook page continues to add followers, and is synchronized with the CBA Twitter account so that CBA News tweets are posted on Facebook. At this writing, the CBA Facebook page is “liked” by approximately 200 people. However, **Attachment 2** provides insights by Facebook which indicate how many more Facebook users beyond those 200 are seeing CBA news on Facebook.
- Consumer Assistance Booklet – The revised Consumer Assistance Booklet is in review, and staff expects to present it to CBA members at the May 2011 meeting.
- Ambassador Program- The PowerPoint presentation for use in the Ambassador Program is complete and has been used by both CBA President Sally Anderson and member Don Driftmier.

UPDATE

The Spring edition is in production. The planned mail out date is May 27, 2011. In addition to the standing features, articles being considered for this edition include:

- Resources for licensees in assisting elderly clients and recognizing financial elder abuse
- The role of liability insurance
- Peer Review Program; Status and Statistics
- Enforcement Actions; 2010 Year in Review
- Self-reporting requirements reminder
- Renewal Fee Reduction Status
- Outreach Program Presentations
- CBA Meeting Discussion Topics- directing readers to check web for more information
- Introduction of new CBA members
- Highlight CBA Web site- resources available
- Survey on whether recipients prefer UPDATE delivery electronically or in hard copy by mail.

E-News

E-News subscriptions have increased by nearly 1,500 subscriptions since the last report, with the total number of subscriptions up from 8,755 at the end of December 2010 to 10,173 as of February 24, 2011. The increase has been across all interest

Update on CBA 2010-2012 Communications and Outreach Plan

areas among external subscribers. The number of internal subscribers, i.e. staff, has held steady. The table below indicates the number of subscribers by areas of interest, with many subscribers choosing more than one area of interest.

E-News Statistics

As of	List Name	External	Internal	Total
2/24/2011	California Licensee	2915	38	2953
	Consumer Interest	1441	44	1485
	Examination Applicant	888	33	921
	Licensing Applicant	1041	34	1075
	Out-of-State Licensee	671	32	703
	Statutory/Regulatory	2402	43	2445
	CBA Meeting Information & Agenda Materials	572	19	591
	Total Subscribers	9930	243	10173

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

January 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3	4 UPDATE posted online, Twitter/Facebook(FB); Enforcement actions posted and sent to press	5 Consumer Tax Tip via Twitter/FB	6 E-News promoted via Twitter/FB	7	8
9	10 CBA now on FB/Twitter News Release; Consumer Tax Tip tweeted	11 Consumer Tax Tip on RALS tweeted; NASBA scholarship info re-tweeted	12 Consumer/Licensee info tweeted;Tax Tip for Consumers tweeted	13 Peer Review Tip posted FB/Twitter;PROC meeting posted,delivered on E-News, FB/ Twitter	14 Congrats to Ken Bishop, new NASBA pres. tweeted	15
16	17	18 CBA meeting agenda via E-News, FB/ Twitter; CBA pre-meeting press release	19 CBA pre-meeting press release;Consumer Tax Tip via Twitter/FB	20 Outreach Committee meets:CBA pre-meeting release via Twitter/FB	21 Consumer Tax Tip from IRS re-tweeted	22
23	24 Consumer Tax Tip tweeted	25 Promotion of CBA meeting webcast tweeted	26 ECC meeting webcast	27 CBA meeting webcast;Twitter/ FB links	28 CBA meeting webcast/Twitter Facebook links	29
30	31 Post-meeting release					

Notes:

*Monitoring news a daily activity necessary to assess outcomes

Calendar events will be updated throughout the year

Activities: Tax Tips links for Consumers posted on Facebook and distributed via Twitter

January Focus: Tax Tips for Consumers

February 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7 AEC meeting info tweeted	8	9	10 Phones/Internet at CBA down- info tweeted via Blackberry	11 "Tax Tip" on RALs tweeted	12
13	14 CBA meeting info tweeted. Don Driftmier speaks @ Cal Poly, Pomona	15	16	17	18	19
20	21	22 Re-tweeted FTB tax tool info for Tax Reps;CBA meeting materials tweeted	23 CBA President speaks to CA Assoc. of State Auditors, Sacramento	24 CBA Meeting webcast;webcast link tweeted	25 PROC meeting materials via E-News, FB/Twitter	26
27	28					

Notes:

E-News Alerts are sent throughout the month

February Focus: Licensees

March 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 Outreach articles reviewed for publication	2	3	4 Enforcement action press release	5 Evans Adult School Fair, Los Angeles
6	7 Consumer Protection Week 3/6-3/12	8	9	10	11	12
13	14 Senior Outreach-Concord Senior Clinic Presentation	15	16	17	18	19
20	21 CBA pre-meeting release	22	23	24 CBA meeting webcast	25 CBA meeting webcast	16
27	28 CBA post-meeting release	29	30	31		

Notes:

E-News Alerts sent throughout the month

March Focus: Consumer Protection Month/Senior Outreach

April 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4 Tentative Ambassador presentation at American River College, Sacramento	5 Don Driftmier speaks to Accounting & Finance Club, Mt. San Antonio College, Walnut, CA	6	7	8	9
10	11	12 Tentative outreach presentation at UOP Eberhardt School of Business, Stockton	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Notes:

E-News alerts sent throughout the month

April Focus: Exam Candidates/Last Minute Tax Tips

May 2011

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 Tentative Ambassador program presentation at Sacramento City College	3 UPDATE posted online	4 CBA President Speaks to Chapman Accounting Club	5	6	7
8	9	10 Tentative outreach presentation at Consumnes River College, Elk Grove	11	12	13	14
15	16 CBA pre-meeting press release	17	18	19 CBA meeting webcast	20 CBA meeting webcast	21
22	23 CBA post- meeting press release	24	25	26 ▪E-News alert	27 Spring UPDATE published	28
29	30	31				

Notes:

E-News alerts sent throughout the month

May Focus: Exam Candidates

June 2011

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	21	22	23	24	25
26	27	28	29	30		

Notes:

E-News Alerts sent throughout the month

June Focus: Peer Review Reporting

July 2011

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 CBA pre-meeting release	19	20	21 CBA meeting webcast	22 CBA meeting webcast	23
24	25 CBA post-meeting release	26	27	28	29	30
31						

Notes:

*Peer Review notification and reporting form to be sent to license numbers ending in #01-33 (Approximately 19,000)

E-News Alerts sent throughout the month

July Focus: Peer Review

AUGUST 2011

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
21	22	23	24	25	26	27
28	29	30	31			

Notes:

E-News Alerts sent throughout the month

August Focus: Peer Review

SEPTEMBER 2011

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 CBA pre-meeting release	19	20	21	22 CBA meeting webcast	23 CBA meeting webcast	24
25 CBA post-meeting release	26	27	28	29	30 Fall UPDATE published	

Notes:

E-News Alerts sent throughout the month

September Focus: College/Licensing

OCTOBER 2011

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	21	22
23	24	25	26	27	28	29
30	31					

Notes:

E-News Alerts sent throughout the month

October Focus: College/Licensing

NOVEMBER 2011

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

Notes:

E-News Alerts sent throughout the month

November Focus:

DECEMBER 2011

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	21	22	23	24
25	26	27	28	29	30	31

Notes:

E-News Alerts sent throughout the month

December Focus:

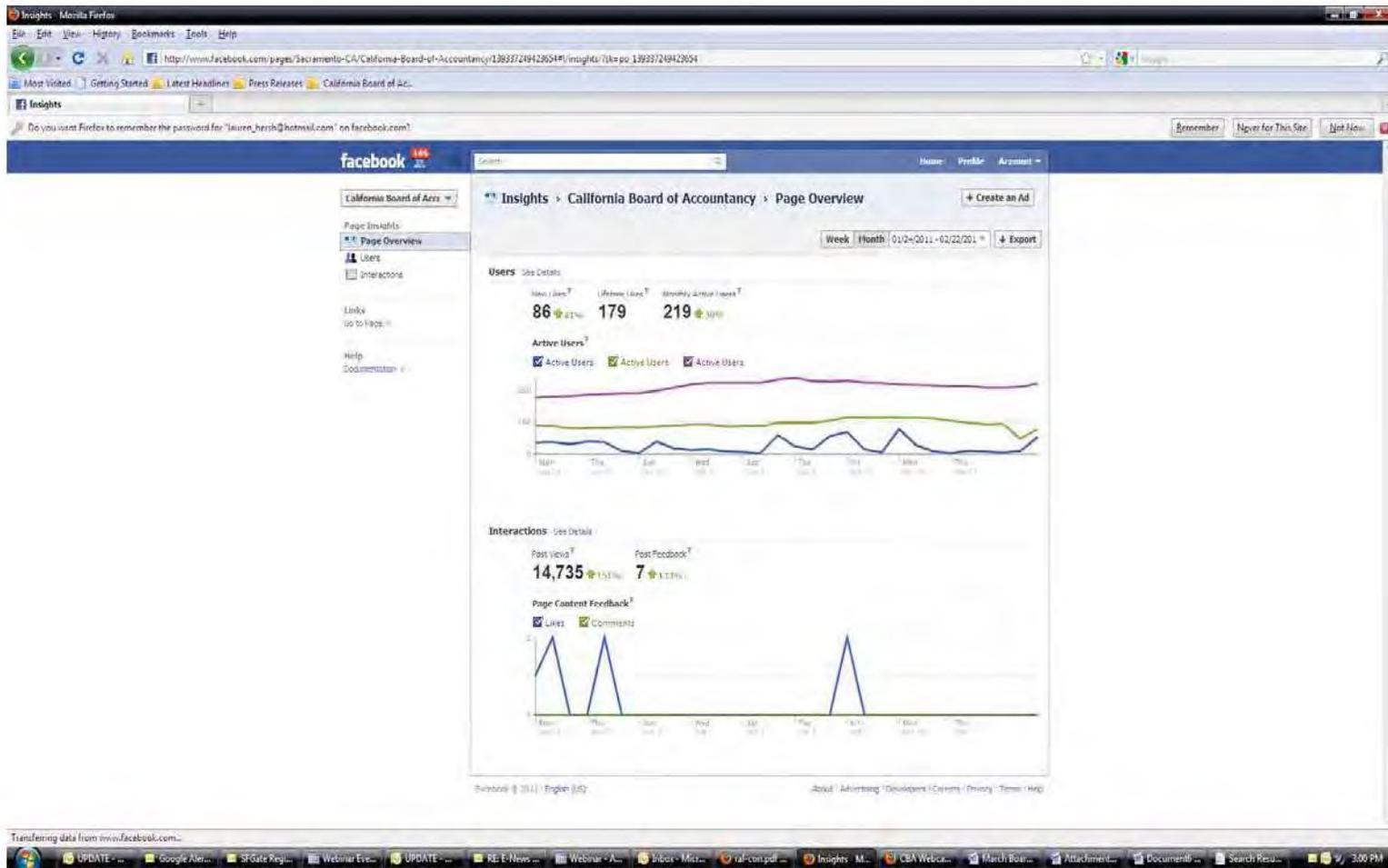
Attachment 2

***News Feed Impressions**

<u>Date</u>	
1/25/11	709
1/26/11	381
1/27/11	1150
1/28/11	741
1/29/11	194
1/30/11	93
1/31/11	817
2/1/11	637
2/2/11	528
2/3/11	963
2/4/11	372
2/5/11	279
2/6/11	62
2/7/11	1033
2/8/11	348
2/9/11	690
2/10/11	944
2/11/11	596
2/12/11	170
2/13/11	9
2/14/11	1251
2/15/11	130
2/16/11	88
2/17/11	63
2/18/11	63
2/19/11	392
2/20/11	247
2/21/11	387
2/22/11	667
2/23/11	717

***Users who see CBA News
feed on Facebook**

Attachment 2



Attachment 2

Insights - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www.facebook.com/pages/Sacramento-CA/California-Board-of-Accountancy/139337249423654#!/insights/?sk=pp_139337249423654

Most Visited Getting Started Latest Headlines Press Releases California Board of Acc...

Insights

Do you want Firefox to remember the password for "lauren_hersh@hotmail.com" on facebook.com? Remember Never For This Site Not Now

facebook 196

Search Home Profile Account

California Board of Acc

Page Insights Page Overview **Users** Interactions

Links Go to Page

Help Documentation

Insights > California Board of Accountancy > Users [+ Create an Ad](#)

Week Month 01/24/2011 - 02/22/2011

New Likes? **86** ↑ 21% Lifetime Likes? **179** Monthly Active Users? **219** ↓ 30%

Active Users?

Active Users Active Users Active Users

Daily Active Users Breakdown?

Unique Page Views Post Viewers Liked a Post Commented on a Post Wall Posts

New Likes?

New Likes Unlikes

Daily Total

Like Sources?

- 65 Page
- 14 Unknown
- 5 Search
- 1 User Profile

Transferring data from www.facebook.com...

UPDATE - ... Google Aler... SFGate Regi... Webinar Eve... UPDATE - ... RE: E-News ... Webinar - A... Inbox - Micr... ral-con.pdf ... Insights - M... CBA Webca... March Boar... Document2... Document4... Search Resu... 244 PM

Attachment 2



Attachment 2

Insights - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www.facebook.com/pages/Sacramento-CA/California-Board-of-Accountancy/139372494236544/insights/?sk=pa_13937249423654

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Insights

Do you want Firefox to remember the password for "lauren_hersh@hotmail.com" on facebook.com? Remember Never For This Site Not Now

facebook 186

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Interactions

Links
Go to Page

Help
Documentation

Insights > California Board of Accountancy > Interactions [+ Create an Ad](#)

Week | Month 01/24/2011 - 02/22/2011

Post Views? **14,735** ↑ 151% Post Feedback? **7** ↑ 133%

Daily Story Feedback?

Likes Comments Unsubscribes

Page Posts?

Message	Posted	Impressions	Feedback
CBA meeting in L.A. 2/24/11- Discussion of possible...	February 14 at 4:50pm	301	0%
Good basic story for tax time.	February 14 at 8:57am	389	0%
WSJ.com - Why It's Worth Paying for a Tax Pro...	February 14 at 8:51am	323	0%
Tax Tip: Thinking about an "instant tax refund"? It's a...	February 11 at 10:57am	379	0.26%
CBA office back on the grid.	February 11 at 10:22am	185	0%
CBA office systems are down-no phone or Internet service.	February 10 at 1:11pm	435	0%
Accounting Education Committee's February 18, 2011 meeting...	February 7 at 3:01pm	486	0%
Working on CA state tax return? Check out tax calculator @...	January 31 at 10:39am	576	0%
CBA meeting resumes at 9 am- watch live online @...	January 28 at 8:18am	625	0.32%
Discussion of mobility and cross-border practice underway...	January 27 at 2:05pm	587	0%

Page Activity

Daily Page Activity?

Transferring data from www.facebook.com...

UPDATE - ... Google AL... SFGate Re... Webinar E... UPDATE - ... RE: E-New... Webinar - ... Inbox - Mi... ra/ con.pd... Insights - ... CBA Webc... March Boa... Attache... Attache... Document... Search Res... 3:05 PM

Memorandum

CBA Agenda Item VI.C.
March 24-25, 2011

To : CBA Members

Date : March 4, 2011

Telephone : (916) 561-4344

Facsimile : (916) 263-3678

E-mail : vjohnston@cba.ca.gov

From : Vincent Johnston
Associate Analyst

Subject : Update on CBA 2010-2012 Strategic Plan

In January 2009 the California Board of Accountancy (CBA) appointed a Strategic Plan Task Force, comprised of four CBA members and staff, to develop a new Strategic Plan. This task force worked with the Department of Consumer Affairs to review the CBA's Mission, Vision, Core Values & Guiding Principles, and Goals. A new Mission, Vision, and set of Goals were developed, while the Core Values & Guiding Principles were left intact. The Strategic Plan Task Force efforts resulted in the development of the CBA 2010-2012 Strategic Plan (**Attachment 1**), which was adopted by the CBA July 2009.

The CBA Strategic Plan encompasses nine Goals and 45 Objectives. In order to address the objectives, staff began by creating a project outline for each Objective. **Attachment 2** is a representative sample project outline. The Objectives were then prioritized, and the most relevant were addressed first. All of the objectives are at some state of completion, and some have been achieved. The following six Objectives have been achieved:

- 1.1 Recruit effective leadership for the Enforcement Program
- 1.9 Seek to remove or extend the sunset date of the Practice Privilege Program
- 4.4 Develop a communication plan that increases outreach efforts and focuses on key messages
- 5.2 Establish a policy for Board Member participation on National Committees
- 7.1 Implement mandatory peer review in California
- 7.4 Review general accounting experience requirements for licensure and revise regulation as warranted

Many of the Objectives are of a continual nature. For instance, Objective 4.1 is: Ensure that all CBA communications are current. In pursuit of this Objective, staff works continually to update forms and other communication tools, and recently worked with the Governor's office and DCA to ensure that all CBA forms and publications displayed the new Governor's letterhead.

Below is a sample of just some of the work performed by staff in the pursuit of achieving the CBA 2010-2012 Strategic Plan Objectives:

- 1.4 Achieve an Investigative CPA (ICPA) staffing level to adequately address workload demands
 - Revised the ICPA Exam by eliminating the written portion of the exam, making the questions more relevant, and implementing continual testing.
 - Developed a budget change proposal for 2.5 additional Investigative Analysts to alleviate ICPA workload demands. This budget change proposal has been conceptually approved.
 - Established 5 retired annuitant positions (3 ICPA and 2 AGPA).
 - Contracted with three expert consultants to assist ICPAs with investigative matters.
 - Completed multiple hiring freeze exceptions to facilitate hiring additional staff.

- 1.6 Expand field work by ICPAs
 - Working to hire CPAs directly in the field, working remotely.
 - Increasing field assignments when the hiring freeze ends to provide more field presence.
 - Implementing a Telework policy, allowing ICPA staff to maintain a home office in other portions of the state.

- 2.2 Maintain a secure and relevant Web site that provides enhanced interactive features
 - Continually verifies access and usability to various Web site utility programs.
 - Created the Enews utility to allow greater access to CBA stakeholders.
 - Added a link on the Web site to the CBA Facebook and Twitter pages.
 - Created and posted the Peer Review Database and Peer Review Reporting Form.

- 3.1 Achieve reasonable timeframes for processing license renewal applications
 - Completed baseline evaluations in the Renewal and Continuing Competency Unit, and are monitoring quarterly the timeframes for license renewal processing.
 - Once the data is collected, staff will review the timeframes and develop processes and procedures to improve timeframes.
 - The anticipated credit card payment option should reduce the processing timeframes.

- 3.3 Provide the option for online application for licensure and license renewal
 - Working with DCA on a pilot program to allow licensees to pay their renewal fee via credit card. The pilot program is nearing completion and staff will be advocating that the CBA be incorporated into the program.

- 4.3 Increase the CBA's visibility and reputation with the Legislature
 - Make regular contact, in accordance with legislative calendar, in order to stay apprised of issues impacting the CBA or the profession.
 - Conduct "Meet and Greet" meetings with Business and Professions Committee members at the start of every legislative session.
 - Meet with author or staff of CBA sponsored legislation to stay apprised of the status of the bill.
 - Write letters communicating positions following CBA meetings at which positions are taken.

6.3 Review and refine the CBA's organizational structure as necessary

- Created the Non-Technical Unit in the Enforcement Division.
- Drafted a reorganization plan for Licensing Division, including movement of Peer Review, Practice Privilege and Continuing Education audit functions to the Enforcement Division.

6.4 Maintain a plan to ensure that CBA has staffing and skill levels in response to employee retirement and attrition

- Drafted and presented to the CBA part one of a Workforce and Succession plan for CBA Senior Staff.
- Currently drafting for presentation at the May 2011 meeting a Workforce and Succession plan for CBA Supervisors, senior analytical, and information technology staff.

7.2 Educate licensees about the peer review process

- Developed Peer Review Brochure and posted to the CBA web site.
- Published various articles in UPDATE regarding peer review legislation.
- Posted news releases regarding peer review.
- Ran radio spots regarding peer review.
- Developed web page related to peer review for licensees.
- Developed two sets of FAQs and posted to the CBA web site.
- Sent letter to all impacted licensees informing them of their peer review reporting requirement.
- Drafted a reminder, final notice, and deficiency letter to all impacted licensees.
- Updated licensee handbook with information on peer review.
- Updating the renewal forms and initial licensing forms to include peer review information.

7.3 Explore the feasibility of conducting workshops in various regions of the state

- Contacted multiple colleges to perform outreach to students.
- Contacted the Franchise Tax Board and Board of Equalization for outreach opportunities.

9.4 Develop and implement a staff recognition program

- CBA Management created a quarterly theme competition among CBA staff, including an employee appreciation quarter.
- Reached out to CBA members in the March Executive Officer's report for input on additional ideas to provide recognition to staff.

As previously stated, the objectives described above are only a sampling of the work achieved by CBA staff. Of the 45 total objectives, 15 have either been accomplished, or denoted as an ongoing task that does not have a definite completion status. It is anticipated that with two years remaining on the CBA 2010-2012 CBA Strategic Plan, staff will continue to work towards accomplishing the remaining objectives.

Attachments



2010 - 2012 Strategic Plan



CALIFORNIA BOARD OF
ACCOUNTANCY

Table of Contents

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Mission and Vision Statements	3
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Organization Description	5
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Introduction

This Strategic Plan identifies nine goals and 45 objectives developed to enable the California Board of Accountancy (CBA) to meet its statutory mandate that protection of the public shall be its highest priority in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount. In meeting its mandate and mission, the CBA also strives to deliver the highest standards of service to all concerned, affected, and interested parties. While it will be challenging to execute the goals and objectives outlined here, this action-oriented plan is focused on consumer protection, customer service, and ensuring the CBA is responsive to the needs of our many stakeholders.

This plan is the outcome of planning workshops facilitated by the Department of Consumer Affairs' Strategic Organization, Leadership, and Individual Development team, and included CBA members, management and staff. The plan is intended to be staged over a three year period and updated as warranted. It reflects the reorganization of the Enforcement Division, consideration of a mandatory peer review process, and takes into account future resource needs.

The Strategic Plan focuses the efforts of the CBA to achieve the mandates of the Accountancy Act (California Business and Professions Code, Section 5000 *et. seq.*) and Accountancy Regulations (California Code of Regulations, Title 16, Division 1), as well as the policy directions of CBA Board members.

In an environment of fiscal and staffing constraints, the CBA articulates the following goals:

- Goal 1:** Pursue an active, effective, and efficient Enforcement Program to maximize consumer protection.
- Goal 2:** Deliver the highest level of customer service.
- Goal 3:** Enhance examination, licensure, license renewal, and practice privilege processes.
- Goal 4:** Provide and maintain effective and timely outreach to all CBA stakeholders.
- Goal 5:** Maintain an active presence and leadership role that efficiently leverages the CBA's position of regulatory influence.
- Goal 6:** Enhance internal processes to deliver responsive, effective, and innovative services to maximize limited resources.

Goal 7: Promote licensee competency.

Goal 8: Improve efficiency and information security through use of existing and emerging technologies.

Goal 9: Promote staff development and retention.

Mission and Vision Statements

Our Mission

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

Our Vision

All consumers are well informed and receive quality accounting services from licensees they can trust.

Core Values and Guiding Principles

Core values support the mission of the CBA and are essential to the success of this organization. Guiding principles embody the core values, are practiced in performing daily functions, and are utilized to fulfill the CBA's mission and vision.

Integrity

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

Quality

The CBA will deliver service, information, and products that reflect excellence.

Openness

The CBA will actively promote the sharing of ideas and information throughout the organization and with the public, and be receptive to new ideas.

Initiative

The CBA will encourage creatively looking at problems and processes and actively seek solutions and improvements.

Respect

The CBA will be responsive, considerate, and courteous to all, both within and outside the organization.

Accountability

The CBA will take ownership and responsibility for its actions and their results.

Teamwork

The CBA will promote cooperation and trust at all levels by working with and soliciting the ideas and opinions of others.

Organization Description

From its inception in 1901, the CBA has, by statute, been charged with regulating the practice of accountants the public could rely upon as being competent. The original law prohibited anyone from falsely claiming to be a certified public accountant, a mandate which exists today. By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform Certified Public Accountant (CPA) Examination.
- Certifies, licenses and renews licenses of individual CPAs and Public Accountants (PA).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education requirements; reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

In 1971, the Legislature located the CBA within the newly-created Department of Consumer Affairs. The CBA currently regulates 76,500 licensees and 4,989 firms, the largest group of accounting professionals in the nation.

The CBA establishes and maintains entry level standards of qualification and conduct within the accounting profession, primarily through its authority to license. Through its Examination and Initial Licensure Programs, the CBA qualifies California candidates for the national Uniform CPA Examination; certifies and licenses individual CPAs, registers accountancy partnerships and accountancy corporations.

The CBA's Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain the current professional knowledge necessary for competent performance. Enhancements to continuing education ethics requirements and anticipated Peer Review legislation are expected to further strengthen licensee competency.

Through its Practice Privilege Program, the CBA registers out-of-state CPAs to practice public accountancy in California who possess a valid and active license, certificate, or permit from a substantially equivalent state as deemed by the CBA and defined by Section 5093 of the California Accountancy Act, or who possess individual education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act.

The objective of the CBA's Enforcement Program is to protect consumers, minimize substandard practice, rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only individuals, but firms. In light of challenges in staff recruitment, the CBA is restructuring its Enforcement Division in order to meet both current and future needs. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary actions against licensees for violations of statutes and regulations. In addition, this program monitors compliance with continuing education requirements, and it actively reviews the work products of CPAs, PAs and accountancy firms to ensure compliance with appropriate professional standards.

The CBA is self-funded, supported by fees paid by the professional community it regulates, and draws no monies from taxpayers nor the General Fund. Renewal fees fund the Enforcement and the Continuing Competency Programs. From the fees collected, the reserve balance in the CBA's contingent fund shall be equal to approximately nine months of annual authorized expenditures.

Goals and Objectives

All goals and objectives support the mission and vision of the CBA.

Further, the CBA uses performance measures, where applicable, to track progress in achieving its goals and objectives, and to identify areas for improvement. Performance measures reflect the consumer protection mission of the CBA and provide a common focus for achievement.

Goal 1 Pursue an active, effective, and efficient Enforcement Program to maximize consumer protection.

Objectives

- 1.1 Recruit effective leadership for the Enforcement Program.
- 1.2 Evaluate the outcome of the Enforcement study and implement recommendations as appropriate.
- 1.3 Achieve salary parity for Investigative Certified Public Accountant (Investigative CPA) staff to ensure success in hiring and retention efforts.
- 1.4 Achieve an Investigative CPA staffing level to adequately address workload demands.
- 1.5 Continue to interface with other accounting regulatory agencies to assist the CBA's enforcement responsibilities.
- 1.6 Expand field work by Investigative CPAs.
- 1.7 Increase licensees' awareness of the consequences of unprofessional conduct.
- 1.8 Educate licensees about reportable events responsibilities.
- 1.9 Seek to remove or extend the Practice Privilege Program sunset date.

Goal 2 Deliver the highest level of customer service.

Objectives

- 2.1 Respond to all inquiries within a reasonable time frame.
- 2.2 Maintain a secure and relevant Web site that provides enhanced interactive features.
- 2.3 Explore the use of technology to enhance customer service.
- 2.4 Continue enhancing customer service through use of survey tools.

Goal 3 Enhance examination, licensure, license renewal, and practice privilege processes.

Objectives

- 3.1 Achieve reasonable timeframes for processing license renewal applications.
- 3.2 Define “principle place of business” for Practice Privilege holders in the regulations.
- 3.3 Provide the option for online application for licensure and license renewal.
- 3.4 Accept credit card payments.

Goal 4 Provide and maintain effective and timely outreach to all CBA stakeholders.

Objectives

- 4.1 Ensure that all communications are current.
- 4.2 Transition the CBA’s Web site to the standards of the State Portal architecture and functionality.
- 4.3 Increase the CBA’s visibility and reputation with the legislature.
- 4.4 Develop a communication plan that increases and prioritizes outreach efforts and focuses on key messages.
- 4.5 Increase transparency of CBA activities.
- 4.6 Evaluate options for delivering agenda materials.
- 4.7 Develop and maintain brochures promoting consumer protection.

Goal 5 Maintain an active presence and leadership role that efficiently leverages the CBA’s position of regulatory influence.

Objectives

- 5.1 Proactively work with the American Institute of Certified Public Accountants (AICPA), National Association of State Boards of Accountancy (NASBA), and Prometric on behalf of national Uniform CPA Examination candidates to resolve issues in a fair and expeditious manner.
- 5.2 Establish a policy for CBA Board member participation in national committees.

- 5.3 Monitor national association activities and respond as appropriate.

Goal 6 Enhance internal processes to deliver responsive, effective, and innovative services to maximize limited resources.

Objectives

- 6.1 Develop a process improvement plan for each program with target dates for implementation.
- 6.2 Include appropriate representation from all divisions when developing new policies, rules, or regulations.
- 6.3 Review and refine organizational structure as necessary.
- 6.4 Maintain a plan to ensure that the CBA has adequate staffing and skill levels in response to employee retirement and attrition.
- 6.5 Redesign existing workspace to enhance organization cohesiveness and productivity.
- 6.6 Evaluate internal document review processes.

Goal 7 Promote licensee competency.

Objectives

- 7.1 Implement mandatory peer review in California.
- 7.2 Educate licensees about the peer review process.
- 7.3 Explore the feasibility of conducting educational workshops in various regions of the state.
- 7.4 Review general accounting experience requirements for licensure and revise regulations as warranted.

GOAL 8 Improve efficiency and information security through use of existing and emerging technologies.

Objectives

- 8.1 Apply best practices to safeguard the confidentiality, integrity, and availability of CBA's information assets.
- 8.2 Pursue integration of all internal CBA databases.
- 8.3 Plan for consolidation with DCA's IT systems.
- 8.4 Transition to electronic data storage.

Goal 9 Promote staff development and retention.

Objectives

- 9.1 Evaluate staff annually and provide essential training to maintain currency of knowledge and achieve optimum skill levels.
- 9.2 Design a process for cross-training staff for operational and promotional opportunities.
- 9.3 Hold an annual staff conference for individual development and team building.
- 9.4 Develop and implement a staff recognition program.



Prepared by
The California Board of Accountancy
Department of Consumer Affairs

July 2009

CALIFORNIA BOARD OF ACCOUNTANCY

PROJECT OUTLINE – Strategic Plan, Objective 5.3

PROJECT TITLE: Monitor national association activities and respond as appropriate

THIS PROJECT OUTLINE IS MAINTAINED BY: Vincent Johnston

UPDATED: December 23, 2010

UNIT: Executive Unit

Task #	TASK NAME	ASSIGNED OR START DATE (1)	DUE DATE OR FINISH DATE (1)	STAFF / UNIT ASSIGNED	% COMPLETE/STATUS/COMMENTS	"X" WHEN COMPLETE
1	Determine which national associations to follow					
1.1	Search internet to identify national associations to follow	6/1/2010	6/1/2010	Vincent Johnston	Complete	X
1.1.1	Meet with CBA Management to confirm list of national organizations to follow, and to establish criteria for which national associate activities require response	6/1/2010	6/4/2010	CBA Management	Complete	X
2	Monitor organizations as identified					
2.1	Designate a staff person to monitor all national associations, and establish lines of communication with the organizations, as a point of contact	6/7/2010	6/10/2010	Vincent Johnston	Complete	X
2.1.1	Identify mailing lists, e-news and any other means with which designated staff may monitor activities	6/5/2010	6/30/2010	Vincent Johnston	Complete	X
2.2	Monitor associations for exposure drafts	Monthly	Monthly	Vincent Johnston	Complete	X
3	Responding to national association activities					
3.1	Designate staff to respond as appropriate	8/1/2011	8/1/2011	VJ, with confirmation from CBA Management	ongoing	
3.2	Utilize Surname process for any necessary response	As Needed	As needed	Vincent Johnston	ongoing	

(1) Columns refer to either the dates a task is assigned/due, or to the period that staff is expected to begin and finish a task inside of a larger project, without a specific "assignment".

Memorandum

CBA Agenda Item VI.D.
March 24-25, 2011

To : CBA Members

Date : March 2, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : List of Statutory and Regulatory "Sunset" Provisions

At its January 2011 meeting, the California Board of Accountancy (CBA) requested a list of all the sunset provisions in its law and regulations. The following is a description of those provisions in the order in which they have or will sunset. It is important to note that there is a difference between an inoperative date, where the law is no longer in effect but remains on the books, and a sunset date, where the law is stricken from the books. The following list contains both. If a date is in the past, it was an inoperative date. For dates in the future, the distinction will be made as to which it is.

CBA Regulation Sections 7, 9, and 11.5 all became inoperative on January 1, 2010. All three of these sections dealt with Pathway 0 which was sunset from the Accountancy Act on the same date.

CBA Regulation Section 30 became inoperative on December 31, 2010. This is the Practice Privilege Safe Harbor provision that the CBA is currently trying to reinstate through an emergency regulation.

Business and Professions Code (B&P) Section 5050(b) became inoperative on January 1, 2011. This is the temporary and incidental provision that will be further discussed in Agenda Item VI.E.

B&P Sections 5000 and 5015.6 will sunset on January 1, 2012. These are the sections that establish the Board and the Executive Officer positions. If these sections sunset, the board becomes a bureau. We anticipate these dates will be extended through the Legislative Sunset Review process taking place this year.

List of Statutory and Regulatory “Sunset” Provisions
Page 2 of 2

B&P Section 5094.7 is also set to sunset on January 1, 2012. This is the section that creates the Accounting Education Committee (AEC). It is anticipated that the AEC will have completed its work by the end of this year and the committee will no longer be needed.

B&P Sections 5076 and 5076.1 are set to sunset on January 1, 2014. These are the peer review sections. It is anticipated that these sunset dates will be extended by two years during this years sunset review process.

B&P Section 5092 is set to become inoperative on January 1, 2014. This is Pathway 1 and its inoperative date is contingent on the new education rules being implemented and that no changes are made to the Practice Privilege program. If the CBA does not implement the new education rules, or if it changes the Practice Privilege Program, Pathway 1 would remain in effect.

And finally, B&P Section 5094.5 is also set to sunset on January 1, 2014. This is the section establishing the Ethics Curriculum Committee (ECC). It is anticipated that the ECC’s work will be complete by this time and the committee will no longer be needed.

Staff will be available at the meeting to answer any questions members may have.

Memorandum

CBA Agenda Item VI.E.
March 24-25, 2011

To : CBA Members

Date : February 18, 2011

Telephone: (916) 561-1792

Facsimile : (916) 263-3675

E-mail : mstanley@cba.ca.gov

From : Matthew Stanley
Legislation/Regulation Analyst

Subject : Discussion of Options for How to Proceed Following the Expiration of Business & Professions Code Section 5050(b) (Temporary and Incidental)

At its November 2010 meeting, the California Board of Accountancy (CBA) was informed of the sunset date on temporary and incidental practice in California (Business & Professions Code Section 5050(b)). At its January 2011 meeting, the CBA further discussed the issue as it related to mobility; however, no decisions regarding temporary and incidental practice were made at that time. Outlined below are four options the CBA may wish to consider, or it may have other approaches it wishes to explore. Staff are seeking a decision from the CBA on how it wishes to proceed on the matter at this time.

Option 1

The first option would be to pursue further specificity and clarity regarding the definitions of "practice of public accountancy" and "in this state." If this option were chosen, staff would work with legal counsel to prepare an initial draft for the CBA's consideration at its May or July 2011 meeting. After receiving the CBA's input, staff would revise the draft and return with a final draft for the CBA's approval at its July or September 2011 meeting. At its November 2011 meeting, staff would present legislative language for the CBA's sponsorship in 2012 that would go into effect in 2013.

Under this option, some of the anticipated questions that will need to be addressed are the same questions that were raised in 2006 when Section 5050(b) was placed into the law. Some of these questions are, "What is the practice of public accountancy," and "What does 'in California' mean?" Some forms of work which have been questioned as to whether or not they constitute the practice of public accountancy include litigation support, consulting, and expert witness testimony. In addition, other questions will need to be answered as well, such as, what is the CBA's current interpretation of Section 5051 (the existing definition of the practice of public accountancy)? Should specific exemptions for very specific types of work (litigation support, expert witness testimony) be carved out of §5051? Can a person

Discussion of Options for How to Proceed Following the Expiration of Business & Professions Code Section 5050(b) (Temporary and Incidental)

Page 2 of 2

practice “in California” without the licensee being physically present in the state? These questions will take time to research, and when an initial draft response to these questions is complete, the CBA may want to assign the review of the draft to the Committee on Professional Conduct. Ultimately, under this option, the CBA would define the “practice of public accountancy” and “in California.”

Option 2

The second option would be to permanently revert to the 2010 status quo which would be the restoration of the temporary and incidental provision (Section 5050(b)). If this option were chosen, staff would need to pursue a legislative change to remove the inoperative date on Section 5050(b). Under this option, staff would continue to interpret “practice of public accountancy” and “in California” on a case-by-case basis.

Option 2b

This option would be to temporarily revert to the 2010 status quo. If this option were chosen, staff would need to pursue a legislative change to change the inoperative date on temporary and incidental (§5050(b)). During the interim, the CBA would pursue defining the “practice of public accountancy” and “in California” as laid out in Option 1, but at a more thoughtful and deliberate pace. If this option were chosen, staff would recommend a new inoperative date of January 1, 2015 be placed on Section 5050(b).

Option 2b would be, in essence, a duplication of the action the CBA took in 2006 in this same matter. Under this option, staff would temporarily continue to interpret “practice of public accountancy” and “in California” on a case-by-case basis, but ultimately, the CBA would define these terms.

Option 3

The final option would be to do nothing and maintain the status quo. If this option were chosen, nothing would need to be done legislatively or through regulations. Staff would enforce Section 5050(b) (temporary and incidental) and Article 5.1 (Practice Privilege) as they are written and interpreted by legal counsel. This means that those who formerly practiced under Section 5050(b) would be required to obtain a practice privilege in order to continue practicing in California. Under this option, staff would continue to interpret “practice of public accountancy” and “in California” on a case-by-case basis.

Memorandum

CBA Agenda Item VI.F:
March 24 – 25, 2011

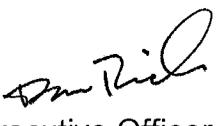
To : CBA Members

Date : March 15, 2011

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From : Daniel Rich 
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Subject : Proposed Plan for Researching Mobility in Other States

This issue paper is intended to provide California Board of Accountancy (CBA) members with staff's proposed plan of action on researching mobility related to the January 2011 educational presentation of "Accountancy Without Borders." The research will be presented at the May 2011 CBA meeting to assist members in deliberations regarding whether the CBA should move away from California's Practice Privilege system, which enables out of state CPAs to practice in California, and adopt the National Association State Boards of Accountancy's (NASBA) concept of mobility that has been incorporated into the Uniform Accountancy Act (no notice, no fee, no escape).

It is anticipated that the mobility presentation/discussion at the May meeting will include considerable insight into other states' experience with mobility and enforcement activities, as well as information regarding benefits to both consumers and licensees of cross-border practice models. Staff is bringing this agenda item to the CBA in order to ensure that the steps being proposed are responsive to members' perceptions regarding information needed to effectively deliberate and potentially take statutory or regulatory action related to out-of-state licensees practicing in California.

Identified below is a brief summary of the type of information staff will be researching. In performing the research, staff will gather information to assist CBA members in determining how mobility will allow the CBA to maintain or enhance current levels of consumer protection provided through the Practice Privilege program. While the majority of the information is enforcement related, staff will also be gathering information to assist CBA members in understanding administrative and licensure issues resulting from mobility:

- Enforcement processes and procedures from other state boards of accountancy, including an understanding of how states respond to mobility related complaints, historical information on mobility related issues, sharing of information and resources, and timeframes for enforcement actions.

- Disclosure of information to consumers, impact cross-border practice models have on CBA workload, revenues, and determining who out of state CPAs are serving in California.
- Accountancy Licensee Database structure and contents for use by state boards.
- Legal issues surrounding “no notice”, specifically what the CBA can discipline or “take away” following an enforcement action.

Staff’s focus on the above topics and issues is a direct result of CBA member’s deliberation of the mobility issue at the January 2011 CBA meeting. Some of the specific questions and issues members indicated should be included in any research performed regarding cross-border practice included:

- Other states’ policies regarding disclosure of enforcement concerns
- Consumer protection priority
- Time frame for enforcement action in other states
- How other states handle unlicensed activity
- What is there to “take away” in disciplining an out-of-state licensee
- Full demonstration of NASBA’s Accountancy Licensee Database

During the January 2011 CBA meeting there was also considerable discussion regarding the efficacy of NASBA’s Accountancy Licensee Database to serve as the “de facto” clearing house/notification system for discipline of accounting professionals throughout the United States. In order to provide a clear understanding on how the ALD system operates staff will request that a representative from NASBA provide a demonstration on the ALD system in May, including clarification regarding information that state boards of accountancy and the public can access.

Staff has already begun moving forward with this project. Following the January 2011 meeting, Patti Bowers participated in a conference call with Joe Petito, Partner, Public Policy and Government Affairs, PricewaterhouseCoopers and Linda Beek of NASBA to share ideas on information needed to effectively deliberate the issue of mobility. Staff will continue to work with these stakeholders, NASBA, other state boards of accountancy, and professional societies to collect information CBA members need to deliberate California’s present Practice Privilege solution to cross-border practice vis-à-vis the national move towards a model based on the provisos of “no notice, no fee, no escape”.

Additionally, staff has done some initial internal research and information collection in an effort to provide CBA members with some preliminary information. Included in this agenda item is information related to staffing levels in state boards of accountancy throughout the United States, as this was one of the specific questions raised at the January CBA meeting. **Attachment I** is the NASBA State Board Profile issued in May 2010 showing pertinent information related to other state boards’ staffing and licensee populations throughout the United States.

Staff also reviewed NASBA "focus questions" back to 2006, looking specifically for queries and states' feedback related to mobility. Provided as **Attachment 2** is a copy of a NASBA focus question issued to the various state boards of accountancy in the Fall of 2010. The "focus question" posed the following query, *"Has your board incurred any problems that could be attributed to adopting mobility legislation?"* Answers participating states provided reflect that a majority of the states have not incurred any problems as a result of adopting mobility.

Given the amount of discussion in January related to the issue of enforcement, a NASBA "focus question" staff found on this issue is also being included for members review. This "focus question", posed to state boards in January 2008, was, *"Does your board have sufficient enforcement staff to investigate complaints? (b) If not, why not? (c) Does the board have its own investigators? (d) What is the required training for the investigators the board uses?"* Answers to this "focus question", though three years old, are included as **Attachment 3**. As indicated earlier, other states' enforcement activities is a specific area in which CBA staff anticipate significant follow-up research.

Finally, to provide a context for members' deliberations at the May 2011 meeting, staff are providing a copy of the UAA provisions relating to mobility in **Attachment 4**, which provides the framework of the national mobility model.

Staff look forward to receiving input from CBA members at the March 2011 meeting regarding this proposed plan of action and addressing other questions the members would like answered in order to be able to fully deliberate the topic of mobility.

NASBA State Board Profile May 2010

Attachment 1

State	Composition CPAs-PAs-Public	Full-Time Staff	Annual Budget	Persons Regulated ¹	Firms Regulated	Quality Review	Centralized
AL	5-1-1	5	\$1,474,977	8,984	1,099	Active	No
AK	5-0-2	.5	Shared Budget	1,244	87	Yes	Yes
AZ	5-0-2	12	\$1,902,400	12,285	3,784	Yes	No
AR	5-0-2	9	\$1,147,804	5,742	566	Yes	No
CA	7-0-8	85	12,035,568	80,000	5,169	In Process	Yes
CO	5-CPAs 2 non-CPAs	2	Highlight Page	17, 410 (Active, Inactive & Retired)	1,280	None	Yes
CT	5-0-4	5	363,711	6,789	1515	Yes	No
DC	4-1	1		2,700	106	None	Yes
DE	4-2-2 and 1 Educator	.25		Permits-1992 Certificates-9093	254	None	Yes
FL	7-0-2	8	1126262	28,511	4,718	Active	Yes
GA ²	6-0-1	2.5 - 3	Shared Budget	16,515	1,851	Active	Yes
GU ³	5-0-0	4	400,000	1,300	60	Yes	No
HI	7-0-2	0.325	Shared budget	2,793	Developing	Developing	Yes
IA	5-1-2	0.833		6,934	636	Yes	No
ID	6-0-1	4	500,600	2,775	308	Yes	No
IL BOE	8-1-2	11 fte, 1- 3/4 te	\$1,400,000	n/a	n/a	n/a	n/a
IL DFPR ³	6-0-1	3	398,600	36,681	2,697	2012 renewal	Yes
IN ³	5-0-1	4		11,072	1,193	Yes	No
KS ³	5-0-2	3	306,197	10,868	701	Active	No
KY	6-0-1	3	620,000	7899	1,503	Yes	No
LA	7-0-0	7	1,100,000	8,808	2,161	Active	No
MD ³	4-0-1	0.5	101,000	2,017	408	Yes	Yes
ME ³	5-0-2	4.5	867,413	18, 859	743	Yes	Yes
MA ³	4-0-1	3.5		15,877	1,056	Yes	Yes
MI	6-0-3	1		17,882	1,207		No
MN	7-0-2	3.5	\$487,000	15,193	1663	Yes	No
MS	7-0-0	6	655,000	4,000	800	Active	No
MO	6-0-1	7	\$764,396	18,634	1369	Yes	No

¹ Represents the number of individuals principally subject to the regulatory authority of the state board. This would include all individuals with a license or permit to practice accountancy granted by the board and others (e.g. inactives, registered classes) who are subject to the state board's oversight. Persons with reciprocal licenses or operating in your state through substantial equivalency would not be included since they would not be "principally" subject to the board's regulatory authority.

² 2008 Information or earlier

³ 2009 Information

NASBA State Board Profile May 2010

State	Composition CPAs-PAs-Public	Full-Time Staff	Annual Budget	Persons Regulated ¹	Firms Regulated	Quality Review	Centralized
MT ³	5-0-2	2	357,736	3,577	771	Active	No
NE	6-0-2	3	412,113	4,900	600	Yes	No
NV	6-0-1	2	600,000	3,012	340	Yes	No
NH	4-1-2	3	281,000 FY 2010	3,500	471 (4)	Active	No
NJ ²	7-2-2 and 1 Govt Member	8	1,180,000	23,793		Active	No
NM	4-0-3	5	509,600	3,300	800	Yes	Yes
NY	16-0-5	8	945,000	46,462	3,321	Yes	Yes
NC	5-0-2	12	\$2,813,995	26,714	3,552	Yes	No
ND	4-1-0	2	400,000	2,900	368	Yes	No
OH	8-0-1	8 plus 1 part-time	1,200,000	30,508	3,308	Yes	No
OK ³	5 - 1 - 1	9	1,940,236	11,084	955	Yes	No
OR ³	7-1-1	7	875,000	6,400	1,175	Yes	No
PA ²	9-1-5	2	55,000	22,500		Yes	No
PR ²	5-0-0	2		5,292		Active	No
RI ²	4-0-1	2	129,000	1,800	500	Active	No
SC	5-2-2	3	357,000	5,697	1,766	Active	Yes
SD	5-0-1	2.5	229,000	1612	300	Yes	Yes
TN	9-0-2	7	1,015,000	14,338	1,939	Active	No
TX	10-0-5	43	5,111,699	64,666	9,589	Active	No
UT ³	4-0-1	1		4,145	608	Yes	Yes
VT ²	4-0-1	.5	90,000	1,167	200	Yes	Yes
VA	6-0-1	8	\$919,454	23,162	1,155	Yes	No
VI ²	2-0-0	2	20,000	49		None	Yes
WA ³	6-0-3	10	1,500,000	14,690	1,922	Active	No
WV	6-0-1	3	419,600	2,200	330	Yes	No
WI	6-0-2	3	N/A	10,957 active	461 active	Yes	Yes
WY	4-0-1	2	\$336,989	1,023	332	Active	No
Totals				605,555	68,914		

1 Represents the number of individuals principally subject to the regulatory authority of the state board. This would include all individuals with a license or permit to practice accountancy granted by the board and others (e.g. inactives, registered classes) who are subject to the state board's oversight. Persons with reciprocal licenses or operating in your state through substantial equivalency would not be included since they would not be "principally" subject to the board's regulatory authority.

2 2008 Information or earlier

3 2009 Information

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between August 2, 2010 and October 6, 2010. Responses which indicated nothing to report have not been included in this summary.

5. Has your Board incurred any problems that could be attributed to adopting mobility legislation?

Alabama – No implementation problems but we did lose our annual revenue from temporary annual permit fees.

Alaska – No, just passed legislation.

Arizona – Since the passage of Arizona's mobility bill in September 2008 and through August 2010, we've had 132 cancellations due to mobility with a revenue loss of \$39,600.

Arkansas – It is too early for us to provide a complete answer. So far, we are still having to communicate to our constituents / licensees about the changes, though the changes were adopted over a year ago.

California – California has not adopted mobility legislation.

Colorado – No.

Connecticut – No.

District of Columbia – The Board has not adopted mobility.

Hawaii – As the Hawaii Board is in the process of meeting with interested parties to draft legislation that would implement practice mobility, it is difficult at this time to identify any problems that are attributable to mobility legislation adoption.

Idaho – No.

Illinois Dept. of Financial and Professional Reg. – Implementing peer review and also licensure of firms.

Indiana – No. It's been working very well.

Kansas – Not yet. (At least that we know of).

Kentucky – No.

Louisiana – None identified to date.

Michigan – No.

Mississippi – No, not at this time. However, confusion exists related to the disciplinary process between States. For example, uncertainty occurs if another jurisdiction's CPA has performed work in your State and a complaint is filed by the client, but the CPA is no longer performing services in your State and the jurisdiction of the principal place of business will not investigate or react to the complaint.

Montana – Not yet.

Nebraska – Not at this time. The Board's Mobility Law did go into effect September 1, 2010. The Board did have to amend a surrender document to reflect those that would return to practice within the state under Mobility provisions.

Nevada – No.

New Mexico – The only problem that New Mexico has encountered is a decrease in revenues from license fees.

New York – N/A.

North Carolina – We are currently waiting for two jurisdictions to consider action on the referrals of two individuals from the jurisdictions that the Board revoked their North Carolina reciprocal certificates.

North Dakota – No.

Oklahoma – No.

Puerto Rico -Puerto Rico has not implemented Mobility yet.

Rhode Island – No.

South Carolina – No.

South Dakota – We have been discussing fines for non-licensees, which would require a statute change.

Tennessee – Not at this time.

Texas – No.

Virginia – To date, there have been no specific problems at the Virginia Board of Accountancy attributed to mobility.

Virgin Islands – Not at the present time.

Washington – Mobility legislation became effective in 2008 in Washington State. A minimal drop in fee revenue from reciprocal licensing has occurred. To date the agency has experienced no change in enforcement actions as a result of mobility.

West Virginia – Nothing comes to mind now.

Wisconsin – Not aware of any.

Wyoming – A primary concern is the Board experienced a dramatic decrease in its revenue initially. The Board continues to experience some decline as more out-of-state CPAs realize they are able to avail themselves of practice privileges/mobility. Board staff is proactive in all communications with out-of-state licensees to educate them on their options. Some licensees either feel an attachment to the Wyoming license or don't trust that mobility would allow them to practice in the state without a Wyoming license so they opt to remain licensed in Wyoming as well as their "home" state. Additionally, due to the transition in education requirements, isolated instances may result in some reciprocal licensure candidates qualifying for Wyoming licensure under less stringent education requirements. Wyoming recently experienced its first example involving a candidate who sat for and passed the exam in Colorado under the less stringent education requirements. She then licensed in Colorado in June, 2010 and applied to Wyoming for a reciprocal license in July, 2010. She applied having less than two years of work experience. The way the statute was written and interpreted by the Board, she was qualified for a Wyoming license. A Wyoming candidate with the same education and experience would have been denied licensure until he/she could document a full four years of work experience.

NASBA REGIONAL DIRECTORS' REPORT

The following is a summary of the written responses to focus questions gathered from the member boards by NASBA's Regional Directors between November 6, 2007 and January 7, 2008. Responses which indicated nothing to report have not been included in this summary.

3. (a) Does your Board have sufficient enforcement staff to investigate complaints? (b) If not, why not? (c) Does the Board have its own investigators? (d) What is the required training for the investigators the Board uses?

Alabama – (a) At times yes but when complaint volume rises significantly the answer is no.
(b) Lack of staff and attorney resources dedicated to enforcement.
(c) One professional staff member is dedicated half-time to enforcement and the Executive Director invests a significant amount of time in the enforcement process.
(d) CPA auditor training.

Alaska – (a) At this time, the Board has sufficient staff.
(c) The Alaska Board shares its investigator with six other Boards.
(d) The required training of investigators is handled through the State of Alaska, Division of Corporations, Business & Professional Licensing. The Board's current investigator has experience in military intelligence, but no background in accounting.

Arizona – (a) Yes.
(c) Yes.
(d) Must be CPA in good standing in the state of Arizona and attend an investigators training done by the Board staff, attorneys and experienced investigators.

Arkansas – (a) No
(b) Requires approval for new position through legislative process.
(c) Yes.
(d) Must be a certified public accountant with a minimum of 5 years experience and must take Clear Training. In addition, the person must stay abreast of current continuing education.

Connecticut – (a) No.
(b) Budget and policy decisions by the administration and legislature.
(c) No.
(d) None.

Florida – (a) Yes.
(c) The Board contracts with CPAs to investigate complaints.
(d) Pursuant to Board rule 61H1-19.010, except for non-technical matters, investigators and consultants must be active certified public accountants with a minimum of five (5) years of active licensure in the area of public accounting.

Georgia – (a) No, must share about 14 full-time investigators with more than 30 Boards.

- (b) Not enough resources allocated to enforcement by the Governor and Secretary of State.
- (c) No.
- (d) Investigators are given a rule book on investigative techniques and some have investigator certification

Hawaii – (a) No.

- (b) Shortage of resources; state process over which the board has no control.
- (c) No, the Board utilizes the investigation and legal capabilities of the Regulated Industries Complaints Office (RICO) which assists the public through education, complaints processing, and the enforcement of licensing laws as the enforcement arm of the Department of Commerce and Consumer Affairs (DCCA). RICO handles the complaints receipt, investigation, and prosecution/resolution functions for the 48 licensing boards, commissions, and programs within the DCCA. The Investigation Branch, consisting of field investigators and clerical support staff, evaluates a wide range of licensing violations within a diverse population of licensees. Field investigators are responsible for gathering evidence in RICO cases to determine whether licensing law violations have occurred. RICO's investigators also take an active part in resolving cases, and in issuing administrative citations where unlicensed activity can be observed. In many cases, field investigators will seek an independent evaluation of the case by appointed members of the Board of Accountancy Advisory Committee. These members provide opinions about the particular practice being investigated and are helpful in determining the profession's standards. Once the field investigator has gathered the evidence in a particular case, the case may be referred to the Legal Section for evaluation and disposition.
- (d) Entry-level investigators are required to have at least a baccalaureate degree. On-the-job training is provided; however, there is no requirement for certification of any kind.

Idaho – (a) No; the Board does not have enforcement staff, per se.

- (b) The number of complaints each year does not warrant an enforcement staff or investigator.
- (c) The Board utilizes volunteer members on our Investigative Committee, outside Legal Counsel, the Executive Director, and contract investigators (usually CPAs or an investigator from another Regulatory Board) to handle complaint investigations.
- (d) The Chair of the Investigative Committee is the past ISBA Board Chair, who has five years of Board experience.

Illinois – (a) The Public Accountant Registration Committee serves in an advisory capacity to the Director of the Division of Professional Regulation under the Department of Financial and Professional Regulation. Support staff, including investigators, are hired to regulate the profession under the staffing guidelines.

- (c) The Division of Professional Regulation has Investigators on staff for this purpose.
- (d) Training for investigators is outlined through the job classification with Central Management Services with the State of Illinois.

Indiana – Effective July 1, 2007 legislation passed that instituted an investigative fund to support the investigation of the violations of the accountancy statute/rules. At present a specific staff has not yet been appointed.

Iowa – (a) No.

- (b) Budgetary issues.
- (c) No; we use peer reviewer agreements with licensees.
- (d) Unfortunately, no formal training is provided.

Kansas – (a-c) Board members act as the investigator in a case; however, due to time constraints or the complexity of a case, the Board sometimes contracts with outside parties to also perform investigations. In those instances their findings are always presented back to the investigative Board member who makes the final determination if there is probable cause for a disciplinary action.

(d) The investigators must be licensed CPAs and have expertise in the area(s) of the investigation.

Kentucky – (a) Yes.

- (c) Yes.
- (d) The CPA investigator must be a licensed CPA in Kentucky with experience in audit work that includes governmental auditing. The non CPA investigator is one who has some sort of previous training as a former law enforcement officer.

Louisiana – (a) Yes, one Investigator and Supervisor of Enforcement Matters (Director of Administration).

- (c) Yes.
- (d) The general requirements for the Investigator position are established by the State Civil Service Department: Four years of experience in investigative work, law enforcement, legal research, or inspection work for compliance with laws or rules. College training may be substituted for a maximum of two years of the required experience. More specific training for the Accountancy Board Investigator is provided within the Agency.

Michigan – (a) No.

- (b) Staffing is limited by budgetary and fiscal constraints.
- (c) The audit investigators or auditors are employed by the Department not the Board. The agency primarily uses CPAs for its investigation of accountancy complaints, but not a requirement.
- (d) Knowledge of generally accepted professional accounting and auditing principles and investigative techniques is required but skills are mostly developed on the job.

Minnesota – (a) Yes.

- (c) We have our own investigator who has been employed by the board for many years.

Mississippi – (a) Yes, the Board generally has sufficient enforcement staff, but on occasion there is a back log of cases due to large volume.

- (c) The Board has one CPA investigator and one compliance officer who assists with monitoring compliance.
- (d) There is no required training, but investigators have participated in the National Certified Investigator Training sponsored by CLEAR.

Missouri – (a) At the present time the Board has sufficient enforcement staff.

(c) Yes, we do.

(d) A Certified Public Accountant with substantial experience or someone with substantial auditing background.

Montana – (a) Yes.

(c) The Board contracts with an Enforcement Coordinator to perform investigations requiring technical expertise, and the Board also has an assigned staff investigator. The Board may also enter into a contract for investigative services whenever it is deemed necessary.

(d) The Board approves all contracted investigations ensuring the individuals performing the services possess the required training.

Nebraska – (a) We think and hope so!

(b) The Board attempts to investigate complaints through their enforcement committee which consists of one “CPA” member of the Board. The Board Executive Director assists in investigations along with the assistance of Board Counsel when required. When an investigation requires technical review of work, the committee will hire an expert in the technical area to provide an opinion.

(c) The Board’s Executive Director generally handles Board investigations under the direction of the enforcement committee of the Board.

(d) No, however the current Board Executive Director has a law enforcement/investigatory background. He recently completed CLEAR’s Basic and Advanced Regulatory Investigation Courses. It is the Executive Director’s opinion that NASBA could provide additional assistance in this area especially for smaller jurisdictions. This could include a listing of technical expert/investigators, general assistance on large, complicated investigations, and funding assistance when a need arises.

Nevada – (a) Yes, the Board uses the Executive Director as its investigator/liaison unless the matter becomes technical in nature then a board member or outside contracted CPA is used to investigate and make a recommendation to the Board.

(c) See above.

(d) There isn’t any required training for matters concerning board discipline.

New Jersey – (a) We rely on an Enforcement Bureau that serves all the Boards (of which we are one) within the Division of Consumer Affairs, and we believe it is sufficient.

(c) No.

(d) We have no information on the training requirements, as that is handled by Consumer Affairs.

New Mexico – (a)-(d) The Board has one investigator, who is an employee of the Regulation and Licensing Department. He conducts all investigations for the Board and handles all of the enforcement activities related to the complaints. Although the training required for investigators is not specified in State Personnel Office regulations, this Board’s investigator has attended a four-day training provided by the Council on Licensure, Enforcement, and Regulation (CLEAR). He has also completed training offered through the Regulation and Licensing Department.

New York – (a) We have not encountered a situation where we have not had sufficient staff.

- (c) Investigators from the Office of Professional Discipline are assigned complaints as received.
- (d) Investigators participate in OPD training. As part of the investigatory process, investigators communicate with board members to determine if unprofessional conduct may have been committed.

North Carolina – (a) Yes.

- (c) Board staff does the investigation work on complaints.
- (d) None other than a working knowledge of Board statutes and rules.

North Dakota – (a) Yes.

- (c). No. However, we do at times engage the services of external investigation support.
- (d) We do not have a specified investigator training mandate.

Oklahoma – (a) Yes, however as the number of enforcement cases has increased, so has the need for investigators. The OAB presently has nine investigators under contract.

- (b) The OAB is currently undergoing a study of its personnel and technology needs. The Enforcement processes will be a part of that study.
- (c) The OAB utilizes contracts with CPAs in Oklahoma to assist it with the OAB's enforcement processes.
- (d) The special prosecutor and the Executive Director guide the investigators as to the investigation processes (written reports, etc.).

Oregon – (a,b) The Board has a complaint backlog that results for various reasons, including workload factors, and lack of resources necessary to complete complaint investigations.

- (c) One investigator on staff. Committee members provide expertise for complex cases when necessary. This is uncompensated time, so the Board is careful not to abuse the committee members' time.
- (d) CPA is preferred but not a requirement for the position.

Puerto Rico – (a) We don't have enforcement staff.

- (b) Because we don't have assigned budget.
- (c) No.
- (d) N/A.

South Carolina – (a) No. (b) Controlled by LLR. (c) No. (d) None.

South Dakota – (a) Yes.

- (c) The Executive Director is the investigator for the Board.
- (d) Training for investigative procedures is completed through Council on Licensure, Enforcement, and Regulation (CLEAR) Basic & Specialized NCIT programs. Along with ongoing training as necessary offered through other programs and state agencies.

Tennessee – (a) No; there is not sufficient staff for enforcement.

- (b) Staff are state employees and report to the Assistant Commissioner of Regulatory Boards; professional staff report directly to Board; funding is the major issue.
- (c) The Board employs one full-time investigator.

(d) There is no specialized training for the investigator

Texas – (a) The Board has sufficient staff to investigate complaints and is assisted by Board and advisory committee members. We also employ consultants to review work and advise the staff and committee.

(c) All staff investigators are attorneys and some are attorney/CPAs.

(d) Training is conducted in-house by existing attorneys.

Utah – (a) The Utah Board of Accountancy does not have any Investigators assigned to it.

(b,c) The Division of Occupational and Professional Licensing has an investigative section and when the CPA program became part of the Division one investigator was allotted.

(d) They receive 40 hours of training every year.

Vermont – (a) Yes.

(c) Shared with other Boards.

(d) Overseen by the Agency.

Washington – (a) Yes.

(c) Yes – three and the Executive Director may engage additional contract investigators, if necessary.

(d) State sponsored investigator training or the equivalent, including rules of evidence, interviewing techniques, etc.

West Virginia – (a) Board does not have enforcement staff.

(b) Number of complaints does not warrant employment of full-time investigator.

(c) No, but can secure if needed.

(d) Varies, dependent upon nature of complaint; however, in the past when an investigator was hired, it was a retired police officer with experience in this field.

Wisconsin – (a) Yes.

(c) The Board does not have its own investigators, but investigators from the Department of Regulation and Licensing (that oversees about 115 professions) are available to the Board to investigate complaints.

(d) No special training is provided specifically for accounting investigations. The investigators participate in general investigative training and orientation sponsored by CLEAR (Council on Licensing, Enforcement and Regulation).

Wyoming – (a,b) The Executive Director and one Board member perform all investigations. Occasionally we contract with others to assist with particular technical areas.

(c) We do not employ or contract with investigations. (d) The Executive Director has completed investigative training through the NCIT program through the Council on Licensure, Enforcement and Regulation. There is no specific training required at this time.

July 2007

We are pleased to announce that the Uniform Accountancy Act (UAA), Fifth Edition, July 2007, is now available. As you may recall, in December 2006, the UAA exposure draft was released for comment by the AICPA/NASBA UAA Committee, and re-released with amended language in March 2007. After a careful review of the submitted comments, all the committees involved agreed to the changes as shown in the accompanying document.

The revisions to Section 23 of the Uniform Accountancy Act (UAA) and conforming changes to Sections 3, 7 and 14 provide a comprehensive system for permitting licensee mobility while making explicit the boards' authority to regulate all who offer or render professional services within their jurisdiction regardless of how those services are being provided. These changes achieve the goals of enhancing public protection, facilitating consumer choice and supporting the efficient operation of the capital markets.

These revisions to the Uniform Accountancy Act were approved by the AICPA Board of Directors on July 12, 2007 and the NASBA Board of Directors on July 27, 2007 and thus are now officially adopted. They are the first changes to the statute since December 2005, and will be reflected in the electronic version of the document available on the AICPA (www.aicpa.org) and NASBA (www.nasba.org) Web sites. The document will now be referenced as "Uniform Accountancy Act Fifth Edition, July, 2007."

If you need additional assistance or have questions, please contact the AICPA at 202-737-6600 or NASBA at 212-644-6469.

Thank you for your continued support and assistance.

Sincerely,

William Strain, CPA
AICPA UAA Committee Chair

Andrew L. DuBoff, CPA
NASBA UAA Committee Chair

1 SECTION 23
2 SUBSTANTIAL EQUIVALENCY
3

4 (a)(1) An individual whose principal place of business is not in this state and who holds a
5 valid license as a Certified Public Accountant from any state which the NASBA
6 National Qualification Appraisal Service has verified to be in substantial
7 equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform
8 Accountancy Act shall be presumed to have qualifications substantially equivalent
9 to this state's requirements and shall have all the privileges of licensees of this state
10 without the need to obtain a license under Sections 6 or 7. Notwithstanding any
11 other provision of law, an individual who offers or renders professional services, whether
12 in person, by mail, telephone or electronic means, under this section shall be granted
13 practice privileges in this state and no notice or other submission shall be provided by
14 any such individual. Such an individual shall be subject to the requirements in 23(a) (3).
15

16
17 (2) An individual whose principal place of business is not in this state and who holds a
18 valid license as a Certified Public Accountant from any state which the NASBA
19 National Qualification Appraisal Service has not verified to be in substantial
20 equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform
21 Accountancy Act shall be presumed to have qualifications substantially equivalent
22 to this state's requirements and shall have all the privileges of licensees of this state
23 without the need to obtain a license under Sections 6 or 7 if such individual obtains
24 from the NASBA National Qualification Appraisal Service verification that such
25 individual's CPA qualifications are substantially equivalent to the CPA licensure
26 requirements of the AICPA/NASBA Uniform Accountancy Act. Any individual
27 who passed the Uniform CPA Examination and holds a valid license issued by any
28 other state prior to January 1, 2012 may be exempt from the education requirement
29 in Section 5(c)(2) for purposes of this Section 23 (a)(2). Notwithstanding any other
30 provision of law, an individual who offers or renders professional services, whether
31 in person, by mail, telephone or electronic means, under this section shall be
32 granted practice privileges in this state and no notice or other submission shall be
33 provided by any such individual. Such an individual shall be subject to the
34 requirements in 23(a) (3).
35

36
37 (3) An individual licensee of another state exercising the privilege afforded under this
38 section and the firm which employs that licensee hereby simultaneously consents, as
39 a condition of the grant of this privilege:
40

41 (A) to the personal and subject matter jurisdiction and disciplinary authority of
42 the Board,
43

44 (B) to comply with this Act and the Board's rules;
45

46 (C) that in the event the license from the state of the individual's principal place of

1 **business is no longer valid, the individual will cease offering or rendering**
2 **professional services in this state individually and on behalf of a firm; and**

3
4
5 **(D) to the appointment of the State Board which issued their license as their agent**
6 **upon whom process may be served in any action or proceeding by this Board**
7 **against the licensee.**

8
9 **(4) An individual who has been granted practice privileges under this section who,**
10 **for any entity with its home office in this state, performs any of the following**
11 **services;**

12
13 **(A) any financial statement audit or other engagement to be performed in**
14 **accordance with Statements on Auditing Standards;**

15
16 **(B) any examination of prospective financial information to be performed in**
17 **accordance with Statements on Standards for Attestation Engagements; or**

18
19 **(C) any engagement to be performed in accordance with PCAOB auditing**
20 **standards;**

21
22 **May only do so through a firm which has obtained a permit issued under Section 7 of this**
23 **Act.**

24
25
26 *COMMENT:* Subsection 23(a)(3) is intended to allow state boards to discipline licensees from
27 other states that practice in their state. If an individual licensee is using these practice privileges
28 to offer or render professional services in this state on behalf of a firm, Section 23(a)(3) also
29 facilitates state board jurisdiction over the firm as well as the individual licensee even if the firm
30 is not required to obtain a permit in this state. Under Section 23(a), State Boards could utilize the
31 NASBA National Qualification Appraisal Service for determining whether another state's
32 certification criteria are "substantially equivalent" to the national standard outlined in the
33 AICPA/NASBA Uniform Accountancy Act. If a state is determined to be "substantially
34 equivalent," then individuals from that state would have ease of practice rights in other states.
35 Individuals who personally meet the substantial equivalency standard may also apply to the
36 National Qualification Appraisal Service if the state in which they are licensed is not
37 substantially equivalent to the UAA.

38
39 Individual CPAs who practice across state lines or who service clients in another state via
40 electronic technology, would not be required to obtain a reciprocal certificate or license if their
41 state of original certification is deemed substantially equivalent, or if they are individually
42 deemed substantially equivalent. However, licensure is required in the state where the CPA has
43 their principal place of business. If a CPA relocates to another state and establishes their
44 principal place of business in that state or if a firm performs any of the services described in
45 Section 23(a)(4), then they would be required to obtain a certificate in that state. As a result of
46 the elimination of any notification requirement combined with the automatic jurisdiction over

1 any firm that has employees utilizing practice privileges in the state, former subsections 7(i) and
2 7(j) have been deleted.

3
4 Unlike prior versions of this Section, the revised provision provides that practice privileges shall
5 be granted and that there shall be no notification. With the addition of a stronger Consent
6 requirement (subsection 23(a)(3)), (i) there appears to be no need for individual notification
7 since the nature of an enforcement complaint would in any event require the identification of the
8 CPA, (ii) online licensee databases have greatly improved, and (iii) both the individual CPA
9 practicing on the basis of substantial equivalency as well as the individual's employer will be
10 subject to enforcement action in any state under Section 23 (a)(3) regardless of a notification
11 requirement.

12
13 Implementation of the "substantial equivalency" standard and creation of the National
14 Qualification Appraisal Service have made a significant improvement in the current regulatory
15 system and assist in accomplishing the goal of portability of the CPA title and mobility of CPAs
16 across state lines.

17
18 Section 23(a)(4) clarifies situations in which the individual could be required to provide services
19 through a CPA firm holding a permit issued by the state in which the individual is using practice
20 privileges.

21
22 Section 23(a)(4) in conjunction with companion revisions to Sections 7 and 14, still provide that
23 an individual with practice privileges cannot do the following as an employee of a firm unless
24 the firm holds a CPA firm permit from this state:

- 25 • perform an examination of prospective financial information in accordance with SSAE
26 for any entity with its home office in this state
- 27 • perform an engagement in accordance with PCAOB standards for any entity with its
28 home office in this state
- 29 • perform an audit or other engagement in accordance with SAS for any entity with its
30 home office in this state

31
32 In order to be deemed substantially equivalent under Section 23(a)(1), a state must adopt the
33 150-hour education requirement established in Section 5(c)(2). A few states have not yet
34 implemented the education provision. In order to allow a reasonable transition period, Section
35 23(a)(2) provides that an individual who has passed the Uniform CPA examination and holds an
36 active license from a state that is not yet substantially equivalent may be individually exempt
37 from the 150-hour education requirement and may be allowed to use practice privileges in this
38 state if the individual was licensed prior to January 1, 2012.

39
40 Section 23(a)(3)(D) simplifies state board enforcement against out-of-state persons using
41 practice privileges by requiring consent to appointment of the state board of the person's
42 principal place of business service of process. This important provision facilitates the
43 prerogative of the state board to administratively discipline or revoke the practice privilege. This
44 provision supplements Section 9 which provides for the appointment of the Secretary of State as
45 the agent upon whom process may be served in any action or proceeding against the applicant
46 arising out of any transaction or operation connected with or incidental to services performed by
47 the applicant while a licensee within this State.

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(b) A licensee of this state offering or rendering services or using their CPA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the licensee would be subject to discipline for an act committed in the other state. Notwithstanding Section 11(a), the Board shall be required to investigate any complaint made by the board of accountancy of another state.

COMMENT: This section ensures that the Board of the state of the licensee's principal place of business, which has power to revoke a license, will have the authority to discipline its licensees if they violate the law when performing services in other states and to ensure that the state board of accountancy will be required to give consideration to complaints made by the boards of accountancy of other jurisdictions. This Subsection combined with Subsection 23(a)(3)(C) (which enables the state board of the practice privilege state to protect its citizens through administrative proceedings) assures that the state board has comprehensive disciplinary powers to protect its state's citizens regarding anyone rendering professional services into or from its state.

**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT CASE ACTIVITY AND STATUS REPORT
January 1, 2010 - January 31, 2011**

CBA Agenda Item VII.A
March 24-25, 2011

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11
<i>AG Cases Initiated</i>	3	3	7	1	2	7	0	2	1	1	2	1	2
<i>AG Cases Opened in Error</i>	0	0	0	0	1	0	0	0	0	0	0	0	0
<i>AG Cases Pending</i>	33	34	41	42	38	36	36	36	34	34	35	32	34
<i>Petitions for Reinstatement Pending</i>	Info not available	5	3	3	3	3	4	4	2				
<i>SOIs Filed</i>	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Accusations Filed</i>	2	2	2	0	2	2	1	0	4	0	1	0	0
<i>Proposed Decisions / Default Decisions Effective</i>	1	0	0	0	0	0	0	1	0	0	0	1	0
<i>Stipulations Effective</i>	0	2	0	0	5	4	0	0	3	1	0	2	0
<i>Average Days to Complete Proposed Decisions/Default Decisions/Stipulations¹</i>	296	721	0	0	986	736	0	148	714 ²	688 ³	0	669 ⁴	0
<i>Petitions for Reinstatement Resolved</i>	Info not available	Info not available	Info not available	Info not available	1	0	2	1	0	0	0	0	3
<i>Final Citations</i>	4	1	2	0	0	0	1	0	0	0	0	1	1
<i>Average Days to Complete</i>	247	220	185	0	0	0	435	0	0	0	0	65	203

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.

² The 714 Average Days to Complete Proposed Decisions/Default Decision/Stipulations for September was the result of 3 cases (750, 700, and 691 days.) One case was the result of an Accusation, Notice of Defense, Hearing Requested and Held, Proposed Decision, Board Decision, Petition for Reconsideration, and a Final Board Order. A second case was the result of an Accusation, Stipulated Decision, Board Non Adopt, Hearing Scheduled, and a final Stipulated Decision. The third case was the result of an Accusation, Default Decision, Revocation, Petition for Reconsideration, Stipulated Decision and a final Decision Adopted by the Board.

³ The 688 Average Days to Complete Final Disciplinary Order for October was the result of 1 case. The case was originally assigned to an Investigative CPA and then re-assigned due to staffing changes. The matter also required the assistance of an outside expert, a planned hearing, and a final Stipulated Settlement.

⁴ The 669 Average Days to Complete Final Disciplinary Order for November was the result of 3 cases. The first case (1039 days) was assigned to an ICPA and then re-assigned due to staffing changes,. the accusation was filed, the matter was scheduled for hearing, stipulated terms were offered, re-scheduled hearing date, proposed decision and a final order. The second case (619 days) was the result of an accusation filed, stipulated decision, non-adopt, hearing held, and a final order. The third case (348 days) was the result of an accusation filed, re-assignment to a new ICPA due to staffing changes, hearings held, stipulated decision and a final order.

**CALIFORNIA BOARD OF ACCOUNTANCY
ENFORCEMENT CASE AGING REPORT
AS OF JANUARY 31, 2011**

CBA Agenda Item VII.B
March 24-25, 2011

INVESTIGATIONS AGING	< 6 mos	6-12mos	12-18 mos	18-24 mos	> 24 mos	TOTAL
All Cases	121	98	45	20 ¹	9 ²	293
Average Age of Pending Investigation						258 days

¹Of the 20 cases listed as 18-24 months, nine cases are being recommended for closure and should be removed from the list by the next reporting period; six cases are being recommended for AG referral, one case is being recommended for 87.5 (Additional Continuing Education) and four cases continue as on-going investigations.

²Of the nine cases listed as greater than 24 months, one case is the result of an on-going investigation which has required the need for an outside consultant due to the complexity of the matter. The case has been referred to the AG's office and a DAG has been assigned. Investigative hearings are being scheduled to happen within the next 60 days.

Five of the cases were originally assigned to an ICPA and then re-assigned two different times due to staffing issues (retirement, departure, etc.) Two of the cases continue as on-going investigations and three will be moving to the AG's office.

Of the remaining three cases, one is pending the issuance of a citation and fine and two are being recommended for closure

CASES ASSIGNED TO AG'S OFFICE	< 6 mos	6-12mos	12-18 mos	18-24 mos	> 24 mos	TOTAL	Licensed Total	Unlicensed Total
Pre Accusation	6	7			1 ¹	14	12	2
Post Accusation	7	6	6		1 ²	20	18	2
Petition for Reinstatement	2					2	0	2
TOTAL AG CASES	15	13	6	0	2	36	30	6

¹The one case identified as Pre Accusation is an on-going investigation requiring the need for outside consultants to assist due to the complexity of the matter. An investigative hearing was held in December and the accusation is being prepared.

²The one case identified as Post Accusation is the result of a Default Decision which was set aside. A hearing was held in December 2010 and a Proposed Decision was received. The matter was scheduled for consideration at the January 2011 meeting however, the Proposed Decision was stayed until March 14, 2011 and has been returned to the Board pending a Petition for Reconsideration.

**CALIFORNIA BOARD OF ACCOUNTANCY
CITATION ACTIVITY
FOR THE PERIOD 7/1/2010 - 2/25/2011**

CBA Agenda Item VII.C
March 24-25, 2011

VIOLATION ANALYSIS

RULE	AVERAGE FINE AMOUNT	TOTAL FINES ISSUED	TOTAL \$FINES ASSESSED	APEALS RECEIVED
ACCOUNTANCY RULES AND REGULATIONS				
3				
52	\$333	3	\$1,000	
54.1				
57				
58				
63	\$250	1	\$250	
67				
68				
80				
87				
87(a)	\$625	4	\$2,500	
87(b)				
87 (c)				
87(d)				
87.6				
87.7				
89				
89(b)				
89(c)				
89.1				
90				
BUSINESS AND PROFESSIONS CODE SECTION				
5037				
5050	\$750	1	\$750	
5055				
5056				
5058				
5060	\$1,000	1	\$1,000	
5061				
5062				
5063				
5072				
5079				
5100				
5100C				
5100G				
5100H				
5100I				
5100K				
5151				
5152				
5154				
5156				
TOTALS		10	\$5,500	0

RECONCILIATION OF FINES OUTSTANDING 7/1/10 - 2/25/11

Balance at 7/1/10	\$42,182
Fines Assessed 7/1/10 - 2/25/11	\$5,500
Previous Paid Off - Reinstated - Revoked License	\$0
Appeal Adjustments 7/1/10 - 2/25/11	
Withdrawn Violations (0 violations, 0 cases)	\$0
Modified Violations ()	\$0
Remain As Issued Violations ()	\$0
Uncollectible Violations (0 violations, 0 cases)	\$0
Collections 7/1/10 - 2/25/11	(\$4,600)
Fines Outstanding at 2/25/11	\$43,082

COMPOSITION OF FINES OUTSTANDING

Fine Added to License Renew Fee/B & P 125.9 (28 violations, 17 cases)	\$37,950
AG Referral (Citation Appealed/Non Compliance) (0 violations, 0 case)	\$0
Issued/Pending Receipt of Fine (6 violations, 4 cases)	\$3,000
Installment Payments (3 violation(s), 2 cases)	\$2,132
Appeal Request Pending Review (0 violations, 0 case)	\$0
Stipulation/Decision Pending Compliance (0)	\$0
Total Fines Outstanding at 2/25/11	\$43,082

**CALIFORNIA BOARD OF ACCOUNTANCY
 REPORTABLE EVENTS RECEIVED
 07/01/10 – 03/03/11**

Felony Conviction – 5063(a)(1)(A)	1
Criminal Conviction – 5063(a)(1)(B)	1
Criminal Conviction – 5063(a)(1)(C)	0
Cancellation, Revocation, Suspension of Right to Practice by Other State or Foreign Country – 5063(a)(2)	4
Cancellation, Revocation, Suspension of Right to Practice before any governmental body or agency – 5063(a)(3)	3
Restatements – 5063(b)(1) <ul style="list-style-type: none"> • Governmental – 67 • Non Profit – 13 • SEC Registrant – 19 	99
Civil Action Settlement – 5063(b)(2)	14
Civil Action Arbitration Award – 5063(b)(2)	0
SEC Investigation – 5063(b)(3)	0
Wells Submission – 5063(b)(4)	2
PCAOB Investigation – 5063(b)(5)	3
Civil Action Judgement – 5063(c)(1)(2)(3)(4)(5)	0
Reporting by Courts – 5063.1	0
Reporting by Insurers – 5063.2	20
TOTAL REPORTABLE EVENTS RECEIVED 07/01/10 TO 03/03/11	147

Memorandum

**CBA AGENDA ITEM VII.E
March 24-25, 2011**

To : CBA Members

Date : March 4, 2011

Telephone : (916) 561- 1731

Facsimile : (916) 263- 3673

E-mail : rixta@cba.ca.gov

From : Rafael Ixta, Chief
Enforcement Division

Subject : Report on 2nd Quarter Enforcement Performance Measures

As part of the Department of Consumer Affairs' (DCA) commitment to consumer protection and its ongoing efforts to better serve consumers and licensees, the DCA is improving its enforcement business function. The new enforcement model calls for performance accountability and streamlining or modifying existing business processes in order to reduce cycle time for the completion of investigation and prosecution.

Beginning on July 1, 2010, the DCA began collecting enforcement performance measures from each board and bureau. A set of eight measures was developed along with guidelines for setting targets for these measurements, which the DCA began reporting publicly beginning in October 2010.

The attached table displays a list of the performance measures that have been established for the second quarter (October 1 – December 31), the CBA targets for each of these measures and the results from the CBA's second quarter performance.

Attachment

CBA PERFORMANCE MEASURES
2nd QUARTER RESULTS
October 1, 2010 – December 31, 2010

DCA Performance Measure	DCA Target	CBA Target	CBA 2nd Quarter Results (October 1, 2010 – December 31, 2010)	Comments
PM 1; Number of Complaints Received - Volume	Will vary by program	N/A	186 (Complaints 152, Convictions 34)	
PM 2; Average number of days to complete complaint intake – Cycle Time	Set by program	10 days	6 days	
PM 3; Average number of days to complete closed cases not resulting in formal discipline - Cycle Time	Set by program	180 days	67 days	
PM 4; Average number of days to complete investigations resulting in formal discipline – Cycle Time	12-18 months	540 days	674 days	
PM 5; Average cost of intake and investigation for complaints not resulting in formal discipline - Efficiency (Cost)	TBD	N/A	N/A	Targets will not be required until first fiscal year baseline has been established.
PM 6; Consumer satisfaction with the services received during the enforcement process – Customer Satisfaction	Will vary by program	80 % Satisfaction	Not available 2 nd quarter due to low number of responses received	The DCA is considering changes to increase the survey response rates due to the low volume received.
PM 7; Average number of days from the date a probation monitor is assigned to the date the monitor makes contact - Initial Contact Cycle Time (Probation Monitoring)	Set by program	5 days	2 days	
PM 8; Average number of days from the time a violation is reported to the program to the time the probation monitor responds - Violation Cycle Time (Probation Monitoring)	Set by program	15 days	The CBA did not handle any probation violations this quarter.	

Memorandum

LC Agenda Item II.
March 24, 2011

CBA Agenda Item VIII.C.2.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 2, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : AB 431- Retired Status

At its November 2010 meeting, the California Board of Accountancy (CBA) voted to sponsor legislation to allow it to create a retired status for licensees. In February, 2011, Assembly Member Fiona Ma agreed to author the bill for the CBA. Assembly Bill 431 (**Attachment 1**) was introduced on February 14.

AB 431 would authorize the CBA to establish a retired status for licensees. Upon application, accountants who are not actively engaged in the practice of public accountancy could pay an application fee and have their license placed in a retired status. It would also prohibit the holder of a retired status license from engaging in any activity for which a license is required. AB 431 would require the CBA to deny an application for a retired status license if the applicant's license is canceled, suspended, revoked, or otherwise restricted. It would authorize the CBA to establish minimum qualifications for the restoration of a retired status license to active status, including continuing education and the payment of a fee. The bill provides for an application fee set by the CBA not to exceed \$250 and for a restoration fee set by the CBA not to exceed \$1,000.

Staff are recommending the following amendments to AB 431 (**Attachment 2**):

1. Add Section 5058.3 to require the holder of a retired status license to place the term "retired" following any lawful use of the Certified Public Accountant designation.
2. In Section 5070.1(d), create a one-year grace period to allow holders of licenses in a delinquent status to retire their license without paying back-renewal fees, after which, the CBA shall deny a retired status application if a license is in a delinquent status.
3. In Section 5070.1(e) and (g) (following amendments), change the word "may" to "shall" to require the CBA to establish the specified minimum qualifications.

Attachment

ASSEMBLY BILL

No. 431

Introduced by Assembly Member Ma

February 14, 2011

An act to amend Sections 5109 and 5134 of, and to add Section 5070.1 to, the Business and Professions Code, relating to accountancy, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 431, as introduced, Ma. Retired public accountants.

Existing law provides for the issuance of permits to practice public accountancy to certified public accountants and public accountants and for the regulation of these accountants by the California Board of Accountancy.

Existing law authorizes a permit holder to have his or her license placed in an inactive status subject to certain limitations. Existing law imposes initial fees and renewal fees for these permits and for the inactive status and directs the deposit of these fees into the Accountancy Fund, from which funds other than penalty revenue are continuously appropriated.

This bill would authorize the board to establish, by regulation, a system for the placement of a license on a retired status, upon application, for those accountants who are not actively engaged in the practice of public accountancy or any activity which requires them to be licensed. The bill would require the board to deny an application for a retired status license if the applicant's permit is canceled, suspended, revoked, or otherwise restricted. The bill would prohibit the holder of a retired status license from engaging in any activity for which a permit is required. The bill would authorize the board to establish minimum

qualifications for the restoration of a retired status license to active status, including, but not limited to, continuing education and the payment of a fee. The bill would provide for that application fee for a retired status license and for the restoration of a retired status license to active status to be fixed by the board in an amount not to exceed \$250 and \$1,000, respectively. By increasing that part of the revenue in the Accountancy Fund that is continuously appropriated, the bill would make an appropriation.

Existing law prohibits the expiration, cancellation, forfeiture, or suspension of a license from depriving the board of jurisdiction to commence or proceed with any investigation of or action or disciplinary proceeding against a licensee, or to render a decision suspending or revoking the license.

This bill would additionally specify that the current status of a retired status license shall not deprive the board of the above-described jurisdiction.

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

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

- 1 SECTION 1. Section 5070.1 is added to the Business and
- 2 Professions Code, to read:
- 3 5070.1. (a) The board may establish, by regulation, a system
- 4 for the placement of a license on a retired status, upon application,
- 5 for certified public accountants and public accountants who are
- 6 not actively engaged in the practice of public accountancy or any
- 7 activity which requires them to be licensed by the board.
- 8 (b) No licensee with a license on a retired status shall engage
- 9 in any activity for which a permit is required.
- 10 (c) The board shall deny an applicant's application for a retired
- 11 status license if the permit is canceled or if the permit is suspended,
- 12 revoked, or otherwise punitively restricted by the board or subject
- 13 to disciplinary action under this chapter.
- 14 (d) The board may establish minimum qualifications for a retired
- 15 status license which may include, but are not limited to, a minimum
- 16 age requirement and minimum years as a licensee.
- 17 (e) A retired status license shall not be subject to any renewal
- 18 requirements.

1 (f) The board may establish minimum qualifications for the
2 restoration of a license in a retired status to an active status. These
3 minimum qualifications shall include, but are not limited to,
4 continuing education and payment of a fee as provided in
5 subdivision (h) of Section 5134.

6 SEC. 2. Section 5109 of the Business and Professions Code is
7 amended to read:

8 5109. The expiration, cancellation, forfeiture, or suspension
9 of a license, practice privilege, or other authority to practice public
10 accountancy by operation of law or by order or decision of the
11 board or a court of law, *the placement of a license on a retired*
12 *status*, or the voluntary surrender of a license by a licensee shall
13 not deprive the board of jurisdiction to commence or proceed with
14 any investigation of or action or disciplinary proceeding against
15 the licensee, or to render a decision suspending or revoking the
16 license.

17 SEC. 3. Section 5134 of the Business and Professions Code is
18 amended to read:

19 5134. The amount of fees prescribed by this chapter is as
20 follows:

21 (a) The fee to be charged to each applicant for the certified
22 public accountant examination shall be fixed by the board at an
23 amount not to exceed six hundred dollars (\$600). The board may
24 charge a reexamination fee not to exceed seventy-five dollars (\$75)
25 for each part that is subject to reexamination.

26 (b) The fee to be charged to out-of-state candidates for the
27 certified public accountant examination shall be fixed by the board
28 at an amount not to exceed six hundred dollars (\$600) per
29 candidate.

30 (c) The application fee to be charged to each applicant for
31 issuance of a certified public accountant certificate shall be fixed
32 by the board at an amount not to exceed two hundred fifty dollars
33 (\$250).

34 (d) The application fee to be charged to each applicant for
35 issuance of a certified public accountant certificate by waiver of
36 examination shall be fixed by the board at an amount not to exceed
37 two hundred fifty dollars (\$250).

38 (e) The fee to be charged to each applicant for registration as a
39 partnership or professional corporation shall be fixed by the board
40 at an amount not to exceed two hundred fifty dollars (\$250).

1 (f) The board shall fix the biennial renewal fee so that, together
2 with the estimated amount from revenue other than that generated
3 by subdivisions (a) to (e), inclusive, the reserve balance in the
4 board's contingent fund shall be equal to approximately nine
5 months of annual authorized expenditures. Any increase in the
6 renewal fee shall be made by regulation upon a determination by
7 the board that additional moneys are required to fund authorized
8 expenditures and maintain the board's contingent fund reserve
9 balance equal to nine months of estimated annual authorized
10 expenditures in the fiscal year in which the expenditures will occur.
11 The biennial fee for the renewal of each of the permits to engage
12 in the practice of public accountancy specified in Section 5070
13 shall not exceed two hundred fifty dollars (\$250).

14 (g) *The application fee to be charged to each applicant for a*
15 *retired status license, as described in Section 5070.1, shall be fixed*
16 *by the board at an amount not to exceed two hundred fifty dollars*
17 *(\$250).*

18 (h) *The application fee to be charged to each applicant for*
19 *restoration of a license in a retired status to an active status*
20 *pursuant to subdivision (f) of Section 5070.1 shall be fixed by the*
21 *board at an amount not to exceed one thousand dollars (\$1,000).*

22 (g)

23 (i) The delinquency fee shall be 50 percent of the accrued
24 renewal fee.

25 (h)

26 (j) The initial permit fee is an amount equal to the renewal fee
27 in effect on the last regular renewal date before the date on which
28 the permit is issued, except that, if the permit is issued one year
29 or less before it will expire, then the initial permit fee is an amount
30 equal to 50 percent of the renewal fee in effect on the last regular
31 renewal date before the date on which the permit is issued. The
32 board may, by regulation, provide for the waiver or refund of the
33 initial permit fee where the permit is issued less than 45 days before
34 the date on which it will expire.

35 (i)

36 (k) ~~(1) On and after the enactment of Assembly Bill 1868 of~~
37 ~~the 2005-06 Regular Session, the~~ *The annual fee to be charged an*
38 *individual for a practice privilege pursuant to Section 5096 with*
39 *an authorization to sign attest reports shall be fixed by the board*
40 *at an amount not to exceed one hundred twenty-five dollars (\$125).*

1 ~~(2) On and after enactment of Assembly Bill 1868 of the~~
2 ~~2005-06 Regular Session, the~~ The annual fee to be charged an
3 individual for a practice privilege pursuant to Section 5096 without
4 an authorization to sign attest reports shall be fixed by the board
5 at an amount not to exceed 80 percent of the fee authorized under
6 paragraph (1).

7 ~~(j)~~

8 (l) The fee to be charged for the certification of documents
9 evidencing passage of the certified public accountant examination,
10 the certification of documents evidencing the grades received on
11 the certified public accountant examination, or the certification of
12 documents evidencing licensure shall be twenty-five dollars (\$25).

13 ~~(k)~~

14 (m) The board shall fix the fees in accordance with the limits
15 of this section and, ~~on and after July 1, 1990,~~ any increase in a fee
16 fixed by the board shall be pursuant to regulation duly adopted by
17 the board in accordance with the limits of this section.

18 ~~(l)~~

19 (n) It is the intent of the Legislature that, to ease entry into the
20 public accounting profession in California, any administrative cost
21 to the board related to the certified public accountant examination
22 or issuance of the certified public accountant certificate that
23 exceeds the maximum fees authorized by this section shall be
24 covered by the fees charged for the biennial renewal of the permit
25 to practice.

**DEPARTMENT OF CONSUMER AFFAIRS**

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**ATTACHMENT 2**

Add Section 5058.3

5058.3. The holder of a retired license issued by the board pursuant to Section 5070.1, when lawfully using the title "certified public accountant," the CPA designation, or any other reference that would suggest that the person is licensed by the board on materials such as correspondence, Internet Web sites, business cards, nameplates, or name plaques, shall place the term "retired" immediately after that designation.

Amend Section 5070.1

5070.1. (a) The board may establish, by regulation, a system for the placement of a license on a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity which requires them to be licensed by the board.

(b) No licensee with a license on a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application for a retired status license if the permit is canceled or if the permit is suspended, revoked, or otherwise punitively restricted by the board or subject to disciplinary action under this chapter.

(d) After one year from the effective date of the regulations described in subsection (a), the board shall deny an applicant's application for a retired status license if the permit is delinquent.

~~(d)~~ (e) The board ~~may~~ shall establish minimum qualifications for a retired status license which may include, but are not limited to, a minimum age requirement and minimum years as a licensee.

~~(e)~~ (f) A retired status license shall not be subject to any renewal requirements.

~~(f)~~ (g) The board ~~may~~ shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

Memorandum

LC Agenda Item III.
March 24, 2011

CBA Agenda Item VIII.C.3.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 2, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov


From : Matthew Stanley, Legislation/Regulation Analyst

Subject : Update on Legislative Language Sponsored by the CBA

At its November 2010 meeting, the California Board of Accountancy (CBA) voted to sponsor several legislative proposals. Those proposals included the creation of a retired status, limiting the number of restatements submitted to the CBA, an exemption from webcasting certain meetings, an extension of the peer review sunset date, and a prohibition of loans from the Accountancy Fund to the General Fund.

The creation of a retired status is being authored by Assembly Member Ma in AB 431.

The proposals to limit the number of restatements submitted to the CBA, exempt certain meetings from webcasting, and an extension of the peer review sunset date were all discussed with Senate Business and Professions consultant G. V. Ayers. Staff were informed that the restatements language may be addressed in the sunset review process.

Similarly, the peer review sunset date extension is expected to be addressed through the CBA's sunset review process. However, instead of the three years that were requested by the CBA, staff have been told the sunset date will be extended by only two years to coincide the sunset date of peer review with the CBA's next sunset review.

Staff have also been told that the webcasting language may be addressed through the sunset review process, but if it is not, it will subsequently be amended into the committee's omnibus bill.

Staff were unable to find an author for the final proposal, the prohibition of loans to the General Fund. Staff were told numerous times that, in these budgetary times, such a proposal would not be looked upon favorably.

Staff will be available at the meeting to answer any questions members may have.

Memorandum

LC Agenda Item IV.
March 24, 2011

CBA Agenda Item VIII.C.4.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 2, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Overview of Bills Affecting the Rulemaking Process

As was the case in 2010, the 2011 legislative year has seen the introduction of numerous bills affecting the rulemaking process. Some of them have a direct impact on the California Board of Accountancy (CBA) and will be discussed individually later in the meeting. However, most are very administrative in nature. Staff are notifying the CBA about these bills as they would, if passed, impact the rulemaking process. Many of the ideas in these bills failed to pass in 2010. Staff are not asking for the CBA to take a formal position on these bills at this time, but will continue to follow them and bring them forward should amendments require that the CBA address them further.

AB 127 requires that a regulation become effective on the January 1 following a 90-day period after the date it is filed with the Secretary of State. The current period is 30 days irrespective of the calendar.

AB 338 requires the Office of Administrative Law (OAL) to submit to the Legislature a copy of each regulation that it submits to the Secretary of State. It further requires that a regulation becomes effective on the 90th day after it is filed with the Secretary of State.

AB 425 requires each state entity that promulgates regulations to review those regulations, and repeal those identified as duplicative, archaic, or inconsistent with the statute or other regulations. This is a Republican bill that will almost certainly fail in favor of SB 366 (LC Agenda Item XII.) which is similar and supported by the President Pro Tem of the Senate.

AB 535 requires a state agency to review and report on regulations that it adopts five years after adoption. It requires that the review and report include a summary of the written criticisms the regulation received within the preceding five years and the estimated economic, small business, and consumer impact. It also requires the review and report to be available on OAL's Internet Web site.

SB 396 requires each agency to review each regulation adopted prior to January 1, 1990, and to develop a report that shall be submitted to the Legislature. It requires

Bills Affecting the Rulemaking Process
Page 2 of 2

each agency to conduct additional reviews of regulations that have been in effect for at least 20 years.

SB 401 requires that every regulation proposed by an agency after January 1, 2012, include a provision repealing the regulation after five years. It further prohibits OAL from approving a proposed regulation unless it contains these repeal provisions. It authorizes an agency, in the year prior to a regulation's scheduled repeal, to amend the regulation to extend the repeal date after complying with public hearing requirements.

SB 553 requires that a regulation becomes effective 180 days after the date it is filed with the Secretary of State.

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

Memorandum

LC Agenda Item V.A.
March 24, 2011

CBA Agenda Item VIII.C.5.a.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 23, 2011

Telephone : (916) 561-1792

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From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 229- The Controller: audits

Bill Number: AB 229 (**Attachment 1**)

Author: Lara

Current Status: Introduced

Provisions:

AB 229 mostly concerns a process by which the Controller will regulate audits of local governments. However, there is one provision that may be of interest to the California Board of Accountancy (CBA). On page 5 of the bill (Attachment 1), Section 12410.9 is being added to the Government Code. Subsection (d) states that if the quality control review performed by the Controller on these audits reveals unprofessional conduct, the Controller shall refer the matter to the CBA. In addition, if the CBA finds the licensee in violation, the Controller may prohibit the licensee from performing local government audits for up to three years in addition to any penalties imposed by the CBA.

Comments:

The genesis of this bill, and others related to local government audits, is clearly in what is referred to as the City of Bell scandal. This particular subsection of AB 229 may lead to a slight increase in the number of cases the Enforcement Division handles. The Controller will have already made a preliminary finding, so this is something that would be perceived as increasing consumer protection. Some may have a concern that the Controller is imposing a three year ban on a particular type of audit, but it should be noted that this is above and beyond what the CBA already imposes.

Recommendation:

Staff recommend not taking a position on AB 229 as this subsection is a small part of the overall bill, and it could be perceived as a good consumer protection bill.

Attachment

ASSEMBLY BILL**No. 229****Introduced by Assembly Member Lara**

February 2, 2011

An act to amend Section 12410.5 of, to add Sections 12410.6, 12410.7, and 12410.9 to, and to add and repeal Section 12410.8 of, the Government Code, relating to audits.

LEGISLATIVE COUNSEL'S DIGEST

AB 229, as introduced, Lara. The Controller: audits.

Existing law requires the Controller to superintend the fiscal concerns of the state. Existing law requires the Controller to receive every audit report prepared by any local public agency.

This bill would require the Controller to receive every annual financial audit report prepared by any local government within 9 months of the audit period or within a longer timeframe authorized by the Controller. This bill would require an audit conducted pursuant to this provision to fully comply with the Government Auditing Standards issued by the Comptroller General of the United States. This bill would require the audits to be made by a certified public accountant that is licensed by the California Board of Accountancy and selected by a local government. The Controller would be required to use specified criteria to determine those certified public accountants that are to be included in the directory.

This bill would require the Controller to develop a plan to review and report the financial and compliance audits of cities, counties, and special districts. This bill would also require the Controller to report to the Legislature by January 31 of each year the results of its oversight

activity. The requirement that the Controller report to the Legislature would be repealed on December 31, 2015.

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

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

1 SECTION 1. Section 12410.5 of the Government Code is
2 amended to read:

3 12410.5. (a) The Controller shall receive every *annual*
4 *financial* audit report prepared for any local ~~public agency~~
5 *government including those reports prepared* in compliance with
6 the federal Single Audit Act of 1984 (P.L. 98-502; 31 U.S.C. Sec.
7 7501 et seq.) and required under any law to be submitted to any
8 state agency, and shall, after ascertaining its compliance with that
9 federal act, transmit the report to the designated state agency.

10 (b) *It is the intent of the Legislature to promote accountability*
11 *over local government funding by establishing a new program to*
12 *review and report on financial and compliance audits of cities,*
13 *counties, and special districts. It is further the intent of the*
14 *Legislature that the Controller shall have the primary responsibility*
15 *for implementing and overseeing the program. Financial audits*
16 *provide an independent assessment of, and reasonable assurance*
17 *about, whether an entity's reported financial condition, results,*
18 *and use of resources are presented fairly in accordance with*
19 *recognized criteria. Reporting on financial audits that are*
20 *performed in accordance with government auditing standards also*
21 *includes reports on internal control, compliance with laws and*
22 *regulations, and provisions of contracts and grant agreements as*
23 *they relate to financial transactions, systems, and processes.*
24 *Compliance audits shall be defined in generally accepted auditing*
25 *standards as a program-specific audit or an organization-wide*
26 *audit or an entity's compliance with applicable compliance*
27 *requirements. Financial and compliance audits conducted under*
28 *this chapter shall fulfill federal single audit requirements.*

29 (c) *An audit conducted pursuant to this section shall comply*
30 *fully with the Government Auditing Standards issued by the*
31 *Comptroller General of the United States.*

32 (d) *The audits shall be made by a certified public accountant,*
33 *licensed by the California Board of Accountancy, and selected by*

1 *the local government, as applicable, from a directory of certified*
2 *public accountants deemed by the Controller as qualified to*
3 *conduct audits of local governments which shall be published by*
4 *the Controller not later than December 31 of each year. The*
5 *certified public accountant shall possess individual education,*
6 *examination, and experience qualifications that have been*
7 *determined by the board to be substantially equivalent to the*
8 *qualifications under Section 5093 of the Business and Professions*
9 *Code, and that are in accordance with subdivision (b) of Section*
10 *27 of Article 4 of Division 1 of Title 16 of the California Code of*
11 *Regulations necessary to perform the full range of accounting*
12 *services, including signing attest reports on attest engagements.*

13 *(1) In determining that certified public accountants shall be*
14 *included in the directory, the Controller shall use the following*
15 *criteria:*

16 *(A) The certified public accountants or public accountants, as*
17 *a result of a quality control review conducted by the Controller*
18 *pursuant to Section 12410.9, shall not have been found to have*
19 *conducted an audit in a manner constituting noncompliance with*
20 *subdivision (c).*

21 *(B) The certified public accountants or public accountants shall*
22 *be in good standing as certified by the Board of Accountancy.*

23 *(2) It is the intent of the Legislature to ensure that auditors and*
24 *audit organizations maintain their independence in appearance*
25 *and in fact by rotation of public accounting firms. Beginning with*
26 *the 2011–12 fiscal year, a local government shall be prohibited*
27 *from using the same public accounting firm to perform an annual*
28 *financial and compliance audit for more than five consecutive*
29 *years. The Controller may waive this requirement if he or she finds*
30 *that no qualified auditor is otherwise available to perform the*
31 *audit.*

32 *(e) The governing board of each city, county, and special district*
33 *shall include all of the following in their contracts for audits:*

34 *(1) A provision to withhold 10 percent of the audit fee until the*
35 *Controller certifies that the audit report conforms to the reporting*
36 *provisions of subdivision (a) of Section 12410.7.*

37 *(2) A provision to withhold 50 percent of the audit fee for any*
38 *subsequent year of a multiyear contract if the prior year's audit*
39 *report was not certified as conforming to the reporting provisions*
40 *of subdivision (a) of Section 12410.7. This provision shall include*

1 *a statement that a multiyear contract shall be null and void if a*
2 *public accounting firm or independent auditor is declared ineligible*
3 *pursuant to subdivision (d) of Section 12410.9. The amount*
4 *withheld shall not be payable unless payment is ordered by the*
5 *board or the audit report for that subsequent year is certified by*
6 *the Controller as conforming to the reporting provisions of*
7 *subdivision (a) of Section 12410.7.*

8 (3) *A provision that will provide the Controller access to audit*
9 *working papers.*

10 SEC. 2. Section 12410.6 is added to the Government Code, to
11 read:

12 12410.6. (a) The Controller shall develop a plan to review and
13 report on financial and compliance audits of cities, counties, and
14 special districts. The Controller, in consultation with the
15 Department of Finance, the Legislative Analyst's Office, state
16 agencies, and representatives of the League of California Cities,
17 the California State Association of County Auditors, and the
18 California Society of Certified Public Accountants, shall propose
19 the content of an audit guide.

20 (b) The audit reports shall be submitted to the Controller in
21 accordance with Public Law 104-156 within nine months after the
22 end of the period audited, or within a longer timeframe authorized
23 by the Controller.

24 (c) If the audit reports required by subdivision (b) of Section
25 12410.5 have not been filed by a local government with the
26 Controller's office on or before the due date established under
27 subdivision (b), the Controller's office shall determine the most
28 advantageous method of obtaining the required audited financial
29 statements.

30 SEC. 3. Section 12410.7 is added to the Government Code, to
31 read:

32 12410.7. (a) To determine the practicability and effectiveness
33 of the audits and audit guide, the Controller on an annual basis
34 shall review and monitor the audit reports performed by
35 independent auditors. The Controller shall determine whether the
36 audit reports conform with the reporting provisions of subdivision
37 (b) of Section 12410.9 and shall notify each local government, and
38 the auditor of each local government regarding each determination.

39 (b) The independent auditor shall correct his or her audit report
40 within 30 days of notification of any deficiency. The Controller

1 may suspend the independent auditor from performing any local
2 government audits if the auditor does not correct his or her audit
3 report within 30 days of the Controller's notification.

4 SEC. 4. Section 12410.8 is added to the Government Code, to
5 read:

6 12410.8. (a) The Controller shall report to the Legislature by
7 January 31 of each year the results of its oversight activity,
8 including the results of its quality control reviews.

9 (b) A report submitted pursuant to subdivision (a) shall be
10 submitted in compliance with Section 9795.

11 (c) Pursuant to Section 10231.5, this section is repealed on
12 December 31, 2015.

13 SEC. 5. Section 12410.9 is added to the Government Code, to
14 read:

15 12410.9. (a) The Controller may perform quality control
16 reviews of audit working papers to determine whether audits are
17 performed in conformity with government audit standards and the
18 local government audit guide. The Controller shall communicate
19 the results of his or her reviews to the Department of Finance, the
20 independent auditor, and the local government for which the audit
21 was performed, and shall review his or her findings with the
22 independent auditor.

23 (b) Prior to the performance of any quality control reviews, the
24 Controller shall develop and publish guidelines and standards for
25 those reviews. Pursuant to the development of those guidelines
26 and standards for those reviews, the Controller shall provide an
27 opportunity for public comment. The Controller shall update the
28 guidelines and standards for any changes in audit standards.

29 (c) The Controller is responsible for selecting audits for review
30 based on criteria including, but not limited to, disciplinary actions
31 by the California Board of Accountancy, results of the Controller's
32 review and monitoring of the audit reports, the extent of findings
33 in the audit reports issued by the independent auditor, the number
34 of audits of local government performed annually by the
35 independent auditor, the independent auditor's experience in
36 performing audits of local governments, the complexity of state
37 and federal programs administered by the local government, and
38 requests or leads from other sources.

39 (d) If the quality control review of the Controller indicates that
40 the audit was conducted in a manner that may constitute

1 unprofessional conduct as defined pursuant to Section 5100 of the
2 Business and Professions Code, including, but not limited to,
3 breach of fiduciary responsibility of any kind, gross negligence,
4 repeated negligent acts resulting in a material misstatement in the
5 audit or failure to disclose noncompliant acts, the Controller shall
6 refer the case to the California Board of Accountancy. If the
7 California Board of Accountancy finds that the independent auditor
8 conducted an audit in an unprofessional manner, the Controller
9 may prohibit the independent auditor from performing any audit
10 of a local government for a period of three years, in addition to
11 any other penalties that the California Board of Accountancy may
12 impose. In any matter that is referred to the California Board of
13 Accountancy, the Controller may suspend the independent auditor
14 from performing any local government audit pending final
15 disposition of the matter by notice and an opportunity to respond
16 to that suspension. The independent auditor shall be given credit
17 for any period of suspension if the California Board of
18 Accountancy prohibits the independent auditor from performing
19 audits of the local education agency under subdivision (c). In any
20 event, the Controller shall not suspend an independent auditor
21 under this subdivision for a period of more than three years.

O

Memorandum

LC Agenda Item V.B.
March 24, 2011

CBA Agenda Item VIII.C.5.b.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 23, 2011

Telephone : (916) 561-1792

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From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 410- Regulations: adoption: disability access

Bill Number: AB 410 (**Attachment 1**)
Authors: Swanson
Current Status: Introduced

Provisions:

AB 410 would require state agencies to provide a person with a visual disability a narrative description of a proposed regulation upon request during the 45-day public comment period. When the narrative description is provided, the 45-day comment period begins anew. The bill would also require an agency to include within the notice of proposed action a statement regarding the availability of narrative descriptions for persons with visual disabilities.

Comments:

The intent of this bill is to provide regulatory amendments in a narrative format that can be accurately translated by reading software used by the visually impaired. Regulations are typically provided in strikethrough and underline format—a visual format. This bill will require that a narrative description of the changes be provided to a visually impaired individual upon request.

However, this also resets the 45-day public comment period that occurs prior to the public hearing on the proposed changes. In other words, if a request was made on day 44 of the public comment period, and assuming 5 working days to prepare the narrative description, the public comment period could extend from its current 45 days to almost 100 days. This “delay” could be used by someone opposed to a regulatory change to slow down the process.

Recommendation:

This bill is similar to last year’s AB 1787 by the same author which was supported by the CBA, but failed to pass. However, last year’s bill simply required the narrative description to be done in all cases and did not have the extra time for public comment. Staff recommend a Support If Amended position on AB 410. The first option for an amendment could be that the public notice clock not be reset so as to avoid delays in the process. Alternatively, a second option for an amendment

Assembly Bill 410- Regulations: adoption: disability access
Page 2 of 2

would be to state that if an agency provides a narrative description at the outset of the public comment period, later requests would not reset the clock.

Attachment

ASSEMBLY BILL

No. 410

**Introduced by Assembly Member Swanson
(Coauthor: Assembly Member Ma)**

February 14, 2011

An act to amend Section 11346.5 of, and to add Section 11346.6 to, the Government Code relating to regulations.

LEGISLATIVE COUNSEL'S DIGEST

AB 410, as introduced, Swanson. Regulations: adoption: disability access.

Existing state and federal law prohibits the exclusion of a qualified individual with a disability, by reason of that disability, from participation in or equal access to the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by a public entity. Federal regulations require a public entity to take appropriate steps to ensure that communications with participants and members of the public with disabilities are as effective as communications with others. These regulations also require a public entity to furnish appropriate auxiliary aids and services where necessary to afford an individual with a disability an equal opportunity to participate in, and enjoy the benefits of, a service, program, or activity conducted by a public entity.

Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law requires an agency to publish a notice of proposed action that includes specified information, at least 45 days prior to a hearing and the close of the public comment period.

This bill would require an agency, upon a request from a person with a visual disability or other disability for which effective communication is required under state or federal law, to provide that person a narrative description of the proposed regulation, as prescribed, and would provide for an extended public comment period for that person. The bill would also require an agency to include within the notice of proposed action a specified statement regarding the availability of narrative descriptions for persons with visual or other specified disabilities.

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

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

1 SECTION 1. (a) The Legislature finds and declares all of the
2 following:

3 (1) Pursuant to the requirements of Title II of the Americans
4 with Disabilities Act of 1990 (42 U.S.C. Sec. 12131 et seq.) and
5 Section 11135 of the Government Code, persons with disabilities
6 are guaranteed timely, effective communication of written
7 documents that allows independent access to these documents.

8 (2) The manner in which proposed regulations of a state agency
9 are transmitted to the public does not allow for this timely, effective
10 communication of the content of the proposed regulations to
11 persons with visual or other disabilities.

12 (b) It is the intent of the Legislature in enacting this act to
13 provide a mechanism for compliance with state and federal
14 effective communication requirements with respect to the adoption
15 of proposed regulations by state agencies.

16 SEC. 2. Section 11346.5 of the Government Code is amended
17 to read:

18 11346.5. (a) The notice of proposed adoption, amendment, or
19 repeal of a regulation shall include the following:

20 (1) A statement of the time, place, and nature of proceedings
21 for adoption, amendment, or repeal of the regulation.

22 (2) Reference to the authority under which the regulation is
23 proposed and a reference to the particular code sections or other
24 provisions of law that are being implemented, interpreted, or made
25 specific.

1 (3) An informative digest drafted in plain English in a format
2 similar to the Legislative Counsel's digest on legislative bills. The
3 informative digest shall include the following:

4 (A) A concise and clear summary of existing laws and
5 regulations, if any, related directly to the proposed action and of
6 the effect of the proposed action.

7 (B) If the proposed action differs substantially from an existing
8 comparable federal regulation or statute, a brief description of the
9 significant differences and the full citation of the federal regulations
10 or statutes.

11 (C) A policy statement overview explaining the broad objectives
12 of the regulation and, if appropriate, the specific objectives.

13 (4) Any other matters as are prescribed by statute applicable to
14 the specific state agency or to any specific regulation or class of
15 regulations.

16 (5) A determination as to whether the regulation imposes a
17 mandate on local agencies or school districts and, if so, whether
18 the mandate requires state reimbursement pursuant to Part 7
19 (commencing with Section 17500) of Division 4.

20 (6) An estimate, prepared in accordance with instructions
21 adopted by the Department of Finance, of the cost or savings to
22 any state agency, the cost to any local agency or school district
23 that is required to be reimbursed under Part 7 (commencing with
24 Section 17500) of Division 4, other nondiscretionary cost or
25 savings imposed on local agencies, and the cost or savings in
26 federal funding to the state.

27 For purposes of this paragraph, "cost or savings" means
28 additional costs or savings, both direct and indirect, that a public
29 agency necessarily incurs in reasonable compliance with
30 regulations.

31 (7) If a state agency, in proposing to adopt, amend, or repeal
32 any administrative regulation, makes an initial determination that
33 the action may have a significant, statewide adverse economic
34 impact directly affecting business, including the ability of
35 California businesses to compete with businesses in other states,
36 it shall include the following information in the notice of proposed
37 action:

38 (A) Identification of the types of businesses that would be
39 affected.

1 (B) A description of the projected reporting, recordkeeping, and
2 other compliance requirements that would result from the proposed
3 action.

4 (C) The following statement: “The (name of agency) has made
5 an initial determination that the (adoption/amendment/repeal) of
6 this regulation may have a significant, statewide adverse economic
7 impact directly affecting business, including the ability of
8 California businesses to compete with businesses in other states.
9 The (name of agency) (has/has not) considered proposed
10 alternatives that would lessen any adverse economic impact on
11 business and invites you to submit proposals. Submissions may
12 include the following considerations:

13 (i) The establishment of differing compliance or reporting
14 requirements or timetables that take into account the resources
15 available to businesses.

16 (ii) Consolidation or simplification of compliance and reporting
17 requirements for businesses.

18 (iii) The use of performance standards rather than prescriptive
19 standards.

20 (iv) Exemption or partial exemption from the regulatory
21 requirements for businesses.”

22 (8) If a state agency, in adopting, amending, or repealing any
23 administrative regulation, makes an initial determination that the
24 action will not have a significant, statewide adverse economic
25 impact directly affecting business, including the ability of
26 California businesses to compete with businesses in other states,
27 it shall make a declaration to that effect in the notice of proposed
28 action. In making this declaration, the agency shall provide in the
29 record facts, evidence, documents, testimony, or other evidence
30 upon which the agency relies to support its initial determination.

31 An agency’s initial determination and declaration that a proposed
32 adoption, amendment, or repeal of a regulation may have or will
33 not have a significant, adverse impact on businesses, including the
34 ability of California businesses to compete with businesses in other
35 states, shall not be grounds for the office to refuse to publish the
36 notice of proposed action.

37 (9) A description of all cost impacts, known to the agency at
38 the time the notice of proposed action is submitted to the office,
39 that a representative private person or business would necessarily
40 incur in reasonable compliance with the proposed action.

1 If no cost impacts are known to the agency, it shall state the
2 following:

3 “The agency is not aware of any cost impacts that a
4 representative private person or business would necessarily incur
5 in reasonable compliance with the proposed action.”

6 (10) A statement of the results of the assessment required by
7 subdivision (b) of Section 11346.3.

8 (11) The finding prescribed by subdivision (c) of Section
9 11346.3, if required.

10 (12) A statement that the action would have a significant effect
11 on housing costs, if a state agency, in adopting, amending, or
12 repealing any administrative regulation, makes an initial
13 determination that the action would have that effect. In addition,
14 the agency officer designated in paragraph (14), shall make
15 available to the public, upon request, the agency’s evaluation, if
16 any, of the effect of the proposed regulatory action on housing
17 costs.

18 (13) A statement that the adopting agency must determine that
19 no reasonable alternative considered by the agency or that has
20 otherwise been identified and brought to the attention of the agency
21 would be more effective in carrying out the purpose for which the
22 action is proposed or would be as effective and less burdensome
23 to affected private persons than the proposed action.

24 (14) The name and telephone number of the agency
25 representative and designated backup contact person to whom
26 inquiries concerning the proposed administrative action may be
27 directed.

28 (15) The date by which comments submitted in writing must
29 be received to present statements, arguments, or contentions in
30 writing relating to the proposed action in order for them to be
31 considered by the state agency before it adopts, amends, or repeals
32 a regulation.

33 (16) Reference to the fact that the agency proposing the action
34 has prepared a statement of the reasons for the proposed action,
35 has available all the information upon which its proposal is based,
36 and has available the express terms of the proposed action, pursuant
37 to subdivision (b).

38 (17) A statement that if a public hearing is not scheduled, any
39 interested person or his or her duly authorized representative may

1 request, no later than 15 days prior to the close of the written
2 comment period, a public hearing pursuant to Section 11346.8.

3 (18) A statement indicating that the full text of a regulation
4 changed pursuant to Section 11346.8 will be available for at least
5 15 days prior to the date on which the agency adopts, amends, or
6 repeals the resulting regulation.

7 (19) A statement explaining how to obtain a copy of the final
8 statement of reasons once it has been prepared pursuant to
9 subdivision (a) of Section 11346.9.

10 (20) If the agency maintains an Internet Web site or other similar
11 forum for the electronic publication or distribution of written
12 material, a statement explaining how materials published or
13 distributed through that forum can be accessed.

14 (21) *A statement that the agency shall provide, upon request, a*
15 *description of the proposed changes included in the proposed*
16 *action, in the manner provided by Section 11346.6, to*
17 *accommodate a person with a visual or other disability for which*
18 *effective communication is required under state or federal law and*
19 *that providing the description of proposed changes may require*
20 *extending the period of public comment for the proposed action.*

21 (b) The agency representative designated in paragraph (14) of
22 subdivision (a) shall make available to the public upon request the
23 express terms of the proposed action. The representative shall also
24 make available to the public upon request the location of public
25 records, including reports, documentation, and other materials,
26 related to the proposed action. If the representative receives an
27 inquiry regarding the proposed action that the representative cannot
28 answer, the representative shall refer the inquiry to another person
29 in the agency for a prompt response.

30 (c) This section shall not be construed in any manner that results
31 in the invalidation of a regulation because of the alleged inadequacy
32 of the notice content or the summary or cost estimates, or the
33 alleged inadequacy or inaccuracy of the housing cost estimates, if
34 there has been substantial compliance with those requirements.

35 SEC. 3. Section 11346.6 is added to the Government Code, to
36 read:

37 11346.6. (a) Upon request from a person with a visual
38 disability or other disability for which effective communication is
39 required under state or federal law, the agency shall provide that
40 person a narrative description of the additions to, and deletions

1 from, the California Code of Regulations or other publication. The
2 description shall identify each addition to or deletion from the
3 California Code of Regulations by reference to the subdivision,
4 paragraph, subparagraph, clause, or subclause within the proposed
5 regulation containing the addition or deletion. The description
6 shall provide the express language proposed to be added to or
7 deleted from the California Code of Regulations or other
8 publication and any portion of the surrounding language necessary
9 to understand the change in a manner that allows for accurate
10 translation by reading software used by the visually impaired.

11 (b) The agency shall provide the information described in
12 subdivision (a) within 10 business days, unless the agency
13 determines that compliance with this requirement would be
14 impractical and notifies the requester of the date on which the
15 information will be provided.

16 (c) Notwithstanding any other law, if information is provided
17 to a requester pursuant to this section, the agency shall provide
18 that requester at least 45 days from the date upon which the
19 information was provided to the requester to submit a public
20 comment regarding the proposed regulation. The agency shall not
21 take final action to adopt the regulation until the requester has
22 submitted a public comment or the extended 45-day comment
23 period expires, whichever occurs first.

Memorandum

LC Agenda Item V.C.
March 24, 2011

CBA Agenda Item VIII.C.5.c.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 1, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 675- Continuing Education

Bill Number: AB 675 (**Attachment 1**)
Authors: Hagman
Current Status: Introduced

Provisions:

AB 675 would provide that courses that promote labor organizing, statutory or regulatory changes, political candidates or advocacy shall not be considered acceptable as continuing education (CE) towards a license renewal. It would prohibit CE providers from representing that such courses meet CE requirements, and it would require a board to withdraw its approval of a provider for 5 years if the provider violates these provisions.

Comments:

Although this bill is probably a good idea, as it is currently written, this bill would not have much effect for the California Board of Accountancy (CBA). The CBA's regulations prescribing CE are very detailed, and it is highly unlikely that a provider would be able to classify a course of this type as meeting CBA CE requirements. In addition, the CBA does not approve CE providers, and therefore, the threat of withdrawal of approval does not apply to the CBA.

Recommendation:

Taking into consideration that this is a good consumer protection bill, and its limited impact on the CBA, staff recommend a Support position on AB 675 with a statement in the letter of support indicating that the author may want to take into consideration the fact that not all CE providers are approved by boards.

Attachment

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 675

Introduced by Assembly Member Hagman
(Coauthor: Senator Huff)

February 17, 2011

An act to add Section 110.6 to the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 675, as introduced, Hagman. Continuing education.

Existing law provides for the licensure and regulation of professions and vocations by boards within the Department of Consumer Affairs and these boards may require licensees to satisfy continuing education course requirements.

This bill would provide, if applicable, that continuing education courses, as specified, that advance or promote labor organizing on behalf of a union, or that advance or promote statutory or regulatory changes, political candidates, political advocacy, or political strategy shall not be considered content relevant to the practice regulated by the board and shall not be acceptable for meeting requirements for licensure renewal. The bill would also prohibit, to the extent applicable, an approved provider from representing that such a continuing education course is acceptable for meeting requirements for licensure renewal and would require a board, subject to specified procedural requirements, to withdraw its approval of a provider that violates that requirement for no less than 5 years, as specified.

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

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

1 SECTION 1. Section 110.6 is added to the Business and
2 Professions Code, to read:

3 110.6. Notwithstanding any other provision of law, if a board
4 described in Section 101 requires its licensees to satisfy continuing
5 education requirements by pursuing a course of continuing
6 education, the following shall apply:

7 (a) Continuing education courses shall contain only content
8 relevant to the particular practice regulated by the board pursuant
9 to its laws and regulations. Continuing education courses that
10 advance or promote labor organizing on behalf of a union, or that
11 advance or promote statutory or regulatory changes, political
12 candidates, political advocacy, or political strategy shall not be
13 considered content relevant to the practice regulated by the board
14 and shall not be acceptable for meeting continuing education
15 requirements. For the purposes of this section, "courses" includes
16 institutes, seminars, lectures, conferences, workshops, and any
17 other public events.

18 (b) (1) To the extent applicable, if an approved provider offers
19 a course described in subdivision (a), the provider shall not
20 represent that the course is acceptable for meeting the continuing
21 education requirements. If a provider violates this requirement,
22 the board shall withdraw its approval of the provider, subject to
23 paragraph (2).

24 (2) If, after the board provides the provider notice and an
25 opportunity to be heard, the board finds that the provider violated
26 the requirement in paragraph (1), the board shall withdraw approval
27 of the provider for no less than five years.

Memorandum

LC Agenda Item V.D.
March 24, 2011

CBA Agenda Item VIII.C.5.d.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 28, 2011

Telephone : (916) 561-1792

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E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 958- Regulatory boards: limitation periods

Bill Number: AB 958 (**Attachment 1**)

Authors: B. Berryhill

Current Status: Introduced

Provisions:

Current law requires certain boards and bureaus (Dental, Medical, Psychology, Optometry, Respiratory Therapy, Marriage and Family Therapy, Social Workers, Architecture, Landscape Architecture, Funeral Directors, Automotive Repair, and Third Party Dispute Resolution) to file an accusation within two to seven years from the act alleged as grounds for discipline.

AB 958 would repeal all of these specific provisions and replace them with a single code section applicable to all Department of Consumer Affairs' boards and bureaus. The provision would require an accusation to be filed within one year after the agency discovers the act alleged as grounds for discipline or within four years after the act alleged as grounds for discipline. The two exceptions are that if the act is committed by a minor, the clock does not start until the minor reaches the age of majority, and second, if the licensee intentionally conceals evidence, the clock is not running during the period of concealment.

Comments:

The intent of this bill, to speed up the enforcement process, is admirable, but unfortunately, the timeframes appear to be unrealistic. Since 2007, the California Board of Accountancy is averaging 391 days from complaint to filing of an accusation. With the CBA's current lack of enforcement resources and its inability to hire, this number would be difficult to reduce. The Department of Consumer Affairs does not have a position at this time.

Recommendation:

Staff recommend an Oppose position on AB 958.

Attachment

ASSEMBLY BILL

No. 958

Introduced by Assembly Member Bill Berryhill

February 18, 2011

An act to add Section 110.5 to, and to repeal Sections 1670.2, 2230.5, 2960.05, 3137, 3750.51, 4982.05, 4990.32, 5561, 5661, 7686.5, 9884.20, and 9889.8 of, the Business and Professions Code, relating to regulatory boards.

LEGISLATIVE COUNSEL'S DIGEST

AB 958, as introduced, Bill Berryhill. Regulatory boards: limitations periods.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the Department of Consumer Affairs. Existing law requires these boards to file disciplinary action accusations against licensees for various violations within a specified limitations period particular to each board.

This bill would delete those specified limitations periods for each board and would instead impose a specified limitations period on all boards within the Department of Consumer Affairs.

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

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

- 1 SECTION 1. Section 110.5 is added to the Business and
- 2 Professions Code, to read:
- 3 110.5. (a) Notwithstanding any other provision of law and
- 4 except as provided in subdivisions (b) and (c), any accusation filed

1 against a licensee of a board described in Section 101, pursuant to
2 Section 11503 of the Government Code, shall be filed within one
3 year after the board discovers the act or omission alleged as the
4 ground for disciplinary action, or within four years after the act or
5 omission alleged as the ground for disciplinary action occurs,
6 whichever occurs first.

7 (b) If an alleged act or omission involves a minor, the four-year
8 limitations period provided for by subdivision (a) shall be tolled
9 until the minor reaches the age of majority.

10 (c) If a licensee intentionally conceals evidence of wrongdoing,
11 the four-year limitations period provided for by subdivision (a)
12 shall be tolled during that period of concealment.

13 SEC. 2. Section 1670.2 of the Business and Professions Code
14 is repealed.

15 ~~1670.2. (a) Except as otherwise provided in this section, any~~
16 ~~proceeding initiated by the board against a licensee for the violation~~
17 ~~of any provision of this chapter shall be filed within three years~~
18 ~~after the board discovers the act or omission alleged as the ground~~
19 ~~for disciplinary action, or within seven years after the act or~~
20 ~~omission alleged as the ground for disciplinary action occurs;~~
21 ~~whichever occurs first.~~

22 ~~(b) An accusation filed against a licensee pursuant to Section~~
23 ~~11503 of the Government Code alleging fraud or willful~~
24 ~~misrepresentation is not subject to the limitation in subdivision~~
25 ~~(a).~~

26 ~~(c) An accusation filed against a licensee pursuant to Section~~
27 ~~11503 of the Government Code alleging unprofessional conduct~~
28 ~~based on incompetence, gross negligence, or repeated negligent~~
29 ~~acts of the licensee is not subject to the limitation in subdivision~~
30 ~~(a) upon proof that the licensee intentionally concealed from~~
31 ~~discovery his or her incompetence, gross negligence, or repeated~~
32 ~~negligent acts.~~

33 ~~(d) If an alleged act or omission involves any conduct described~~
34 ~~in subdivision (c) of Section 1680 committed on a minor, the~~
35 ~~seven-year limitations period in subdivision (a) and the 10-year~~
36 ~~limitations period in subdivision (c) shall be tolled until the minor~~
37 ~~reaches the age of majority.~~

38 ~~(e) An accusation filed against a licensee pursuant to Section~~
39 ~~11503 of the Government Code alleging conduct described in~~
40 ~~subdivision (c) of Section 1680 not committed on a minor shall~~

1 be filed within three years after the board discovers the act or
2 omission alleged as the ground for disciplinary action, or within
3 10 years after the act or omission alleged as the ground for
4 disciplinary action occurs, whichever occurs first. This subdivision
5 shall apply to a complaint alleging conduct received by the board
6 on and after January 1, 2005.

7 (f) In any allegation, accusation, or proceeding described in
8 this section, the limitations period in subdivision (a) shall be tolled
9 for the period during which material evidence necessary for
10 prosecuting or determining whether a disciplinary action would
11 be appropriate is unavailable to the board due to an ongoing
12 criminal investigation.

13 SEC. 3. Section 2230.5 of the Business and Professions Code
14 is repealed.

15 2230.5. (a) Except as provided in subdivisions (b), (c), and
16 (e), any accusation filed against a licensee pursuant to Section
17 11503 of the Government Code shall be filed within three years
18 after the board, or a division thereof, discovers the act or omission
19 alleged as the ground for disciplinary action, or within seven years
20 after the act or omission alleged as the ground for disciplinary
21 action occurs, whichever occurs first.

22 (b) An accusation filed against a licensee pursuant to Section
23 11503 of the Government Code alleging the procurement of a
24 license by fraud or misrepresentation is not subject to the limitation
25 provided for by subdivision (a).

26 (c) An accusation filed against a licensee pursuant to Section
27 11503 of the Government Code alleging unprofessional conduct
28 based on incompetence, gross negligence, or repeated negligent
29 acts of the licensee is not subject to the limitation provided for by
30 subdivision (a) upon proof that the licensee intentionally concealed
31 from discovery his or her incompetence, gross negligence, or
32 repeated negligent acts.

33 (d) If an alleged act or omission involves a minor, the seven-year
34 limitations period provided for by subdivision (a) and the 10-year
35 limitations period provided for by subdivision (e) shall be tolled
36 until the minor reaches the age of majority.

37 (e) An accusation filed against a licensee pursuant to Section
38 11503 of the Government Code alleging sexual misconduct shall
39 be filed within three years after the board, or a division thereof,
40 discovers the act or omission alleged as the ground for disciplinary

1 action, or within 10 years after the act or omission alleged as the
2 ground for disciplinary action occurs, whichever occurs first. This
3 subdivision shall apply to a complaint alleging sexual misconduct
4 received by the board on and after January 1, 2002.

5 ~~(f) The limitations period provided by subdivision (a) shall be~~
6 ~~tolled during any period if material evidence necessary for~~
7 ~~prosecuting or determining whether a disciplinary action would~~
8 ~~be appropriate is unavailable to the board due to an ongoing~~
9 ~~criminal investigation.~~

10 SEC. 4. Section 2960.05 of the Business and Professions Code
11 is repealed.

12 ~~2960.05.—(a) Except as provided in subdivisions (b), (c), and~~
13 ~~(e), any accusation filed against a licensee pursuant to Section~~
14 ~~11503 of the Government Code shall be filed within three years~~
15 ~~from the date the board discovers the alleged act or omission that~~
16 ~~is the basis for disciplinary action, or within seven years from the~~
17 ~~date the alleged act or omission that is the basis for disciplinary~~
18 ~~action occurred, whichever occurs first.~~

19 ~~(b) An accusation filed against a licensee pursuant to Section~~
20 ~~11503 of the Government Code alleging the procurement of a~~
21 ~~license by fraud or misrepresentation is not subject to the~~
22 ~~limitations set forth in subdivision (a).~~

23 ~~(c) The limitation provided for by subdivision (a) shall be tolled~~
24 ~~for the length of time required to obtain compliance when a report~~
25 ~~required to be filed by the licensee or registrant with the board~~
26 ~~pursuant to Article 11 (commencing with Section 800) of Chapter~~
27 ~~1 is not filed in a timely fashion.~~

28 ~~(d) If an alleged act or omission involves a minor, the seven-year~~
29 ~~limitations period provided for by subdivision (a) and the 10-year~~
30 ~~limitations period provided for by subdivision (c) shall be tolled~~
31 ~~until the minor reaches the age of majority.~~

32 ~~(e) An accusation filed against a licensee pursuant to Section~~
33 ~~11503 of the Government Code alleging sexual misconduct shall~~
34 ~~be filed within three years after the board discovers the act or~~
35 ~~omission alleged as the ground for disciplinary action, or within~~
36 ~~10 years after the act or omission alleged as the ground for~~
37 ~~disciplinary action occurs, whichever occurs first. This subdivision~~
38 ~~shall apply to a complaint alleging sexual misconduct received by~~
39 ~~the board on and after January 1, 2002.~~

1 ~~(f) The limitations period provided by subdivision (a) shall be~~
2 ~~tolled during any period if material evidence necessary for~~
3 ~~prosecuting or determining whether a disciplinary action would~~
4 ~~be appropriate is unavailable to the board due to an ongoing~~
5 ~~criminal investigation.~~

6 SEC. 5. Section 3137 of the Business and Professions Code is
7 repealed.

8 ~~3137. (a) Except as otherwise provided in this section, any~~
9 ~~accusation filed against a licensee pursuant to Section 11503 of~~
10 ~~the Government Code for the violation of any provision of this~~
11 ~~chapter shall be filed within three years after the board discovers~~
12 ~~the act or omission alleged as the ground for disciplinary action,~~
13 ~~or within seven years after the act or omission alleged as the ground~~
14 ~~for disciplinary action occurs, whichever occurs first.~~

15 ~~(b) An accusation filed against a licensee pursuant to Section~~
16 ~~11503 of the Government Code alleging fraud or willful~~
17 ~~misrepresentation is not subject to the limitation in subdivision~~
18 ~~(a).~~

19 ~~(c) An accusation filed against a licensee pursuant to Section~~
20 ~~11503 of the Government Code alleging unprofessional conduct~~
21 ~~based on incompetence, gross negligence, or repeated negligent~~
22 ~~acts of the licensee is not subject to the limitation in subdivision~~
23 ~~(a) upon proof that the licensee intentionally concealed from~~
24 ~~discovery his or her incompetence, gross negligence, or repeated~~
25 ~~negligent acts.~~

26 ~~(d) If an alleged act or omission involves any conduct described~~
27 ~~in Section 726 committed on a minor, the 10-year limitations period~~
28 ~~in subdivision (c) shall be tolled until the minor reaches the age~~
29 ~~of majority.~~

30 ~~(e) An accusation filed against a licensee pursuant to Section~~
31 ~~11503 of the Government Code alleging conduct described in~~
32 ~~Section 726 shall be filed within three years after the board~~
33 ~~discovers the act or omission alleged as the ground for disciplinary~~
34 ~~action, or within 10 years after the act or omission alleged as the~~
35 ~~ground for disciplinary action occurs, whichever occurs first. This~~
36 ~~subdivision shall apply to a complaint alleging conduct received~~
37 ~~by the board on and after January 1, 2006.~~

38 ~~(f) In any allegation, accusation, or proceeding described in this~~
39 ~~section, the limitations period in subdivision (a) shall be tolled for~~
40 ~~the period during which material evidence necessary for~~

1 prosecuting or determining whether a disciplinary action would
2 be appropriate is unavailable to the board due to an ongoing
3 criminal investigation.

4 SEC. 6. Section 3750.51 of the Business and Professions Code
5 is repealed.

6 3750.51. (a) Except as provided in subdivisions (b), (c), and
7 (e), any accusation filed against a licensee pursuant to Section
8 11503 of the Government Code shall be filed within three years
9 from the date the board discovers the alleged act or omission that
10 is the basis for disciplinary action, or within seven years from the
11 date the alleged act or omission that is the basis for disciplinary
12 action occurred, whichever occurs first.

13 (b) An accusation filed against a licensee pursuant to Section
14 11503 of the Government Code alleging the procurement of a
15 license by fraud or misrepresentation is not subject to the
16 limitations set forth in subdivision (a).

17 (c) The limitation provided for by subdivision (a) shall be tolled
18 for the length of time required to obtain compliance when a report
19 required to be filed by the licensee or registrant with the board
20 pursuant to Article 11 (commencing with Section 800) of Chapter
21 1 is not filed in a timely fashion.

22 (d) If an alleged act or omission involves a minor, the seven-year
23 limitations period provided for by subdivision (a) and the 10-year
24 limitations period provided for by subdivision (c) shall be tolled
25 until the minor reaches the age of majority.

26 (e) An accusation filed against a licensee pursuant to Section
27 11503 of the Government Code alleging sexual misconduct shall
28 be filed within three years after the board discovers the act or
29 omission alleged as the ground for disciplinary action, or within
30 10 years after the act or omission alleged as the ground for
31 disciplinary action occurs, whichever occurs first.

32 (f) The limitations period provided by subdivision (a) shall be
33 tolled during any period if material evidence necessary for
34 prosecuting or determining whether a disciplinary action would
35 be appropriate is unavailable to the board due to an ongoing
36 criminal investigation.

37 SEC. 7. Section 4982.05 of the Business and Professions Code
38 is repealed.

39 4982.05. (a) Except as provided in subdivisions (b), (c), and
40 (e), any accusation filed against a licensee pursuant to Section

1 11503 of the Government Code shall be filed within three years
2 from the date the board discovers the alleged act or omission that
3 is the basis for disciplinary action, or within seven years from the
4 date the alleged act or omission that is the basis for disciplinary
5 action occurred, whichever occurs first.

6 (b) ~~An accusation filed against a licensee pursuant to Section
7 11503 of the Government Code alleging the procurement of a
8 license by fraud or misrepresentation is not subject to the
9 limitations set forth in subdivision (a).~~

10 (c) ~~The limitation provided for by subdivision (a) shall be tolled
11 for the length of time required to obtain compliance when a report
12 required to be filed by the licensee or registrant with the board
13 pursuant to Article 11 (commencing with Section 800) of Chapter
14 1 is not filed in a timely fashion.~~

15 (d) ~~If an alleged act or omission involves a minor, the seven-year
16 limitations period provided for by subdivision (a) and the 10-year
17 limitations period provided for by subdivision (c) shall be tolled
18 until the minor reaches the age of majority.~~

19 (e) ~~An accusation filed against a licensee pursuant to Section
20 11503 of the Government Code alleging sexual misconduct shall
21 be filed within three years after the board discovers the act or
22 omission alleged as the grounds for disciplinary action, or within
23 10 years after the act or omission alleged as the grounds for
24 disciplinary action occurs, whichever occurs first. This subdivision
25 shall apply to a complaint alleging sexual misconduct received by
26 the board on and after January 1, 2002.~~

27 (f) ~~The limitations period provided by subdivision (a) shall be
28 tolled during any period if material evidence necessary for
29 prosecuting or determining whether a disciplinary action would
30 be appropriate is unavailable to the board due to an ongoing
31 criminal investigation.~~

32 (g) ~~For purposes of this section, "discovers" means the later of
33 the occurrence of any of the following with respect to each act or
34 omission alleged as the basis for disciplinary action:~~

35 (1) ~~The date the board received a complaint or report describing
36 the act or omission.~~

37 (2) ~~The date, subsequent to the original complaint or report, on
38 which the board became aware of any additional acts or omissions
39 alleged as the basis for disciplinary action against the same
40 individual.~~

1 (3) The date the board receives from the complainant a written
2 release of information pertaining to the complainant's diagnosis
3 and treatment.

4 SEC. 8. Section 4990.32 of the Business and Professions Code
5 is repealed.

6 4990.32. (a) Except as otherwise provided in this section, an
7 accusation filed pursuant to Section 11503 of the Government
8 Code against a licensee or registrant under the chapters the board
9 administers and enforces shall be filed within three years from the
10 date the board discovers the alleged act or omission that is the
11 basis for disciplinary action or within seven years from the date
12 the alleged act or omission that is the basis for disciplinary action
13 occurred, whichever occurs first.

14 (b) An accusation filed against a licensee alleging the
15 procurement of a license by fraud or misrepresentation is not
16 subject to the limitations set forth in subdivision (a).

17 (c) The limitations period provided by subdivision (a) shall be
18 tolled for the length of time required to obtain compliance when
19 a report required to be filed by the licensee or registrant with the
20 board pursuant to Article 11 (commencing with Section 800) of
21 Chapter 1 is not filed in a timely fashion.

22 (d) An accusation alleging sexual misconduct shall be filed
23 within three years after the board discovers the act or omission
24 alleged as the grounds for disciplinary action or within 10 years
25 after the act or omission alleged as the grounds for disciplinary
26 action occurred, whichever occurs first. This subdivision shall
27 apply to a complaint alleging sexual misconduct received by the
28 board on and after January 1, 2002.

29 (e) If an alleged act or omission involves a minor, the seven-year
30 limitations period provided for by subdivision (a) and the 10-year
31 limitations period provided for by subdivision (d) shall be tolled
32 until the minor reaches the age of majority. However, if the board
33 discovers an alleged act of sexual contact with a minor under
34 Section 261, 286, 288, 288.5, 288a, or 289 of the Penal Code after
35 the limitations periods described in this subdivision have otherwise
36 expired, and there is independent evidence that corroborates the
37 allegation, an accusation shall be filed within three years from the
38 date the board discovers that alleged act.

39 (f) The limitations period provided by subdivision (a) shall be
40 tolled during any period if material evidence necessary for

1 prosecuting or determining whether a disciplinary action would
2 be appropriate is unavailable to the board due to an ongoing
3 criminal investigation.

4 (g) For purposes of this section, “discovers” means the latest
5 of the occurrence of any of the following with respect to each act
6 or omission alleged as the basis for disciplinary action:

7 (1) The date the board received a complaint or report describing
8 the act or omission.

9 (2) The date, subsequent to the original complaint or report, on
10 which the board became aware of any additional acts or omissions
11 alleged as the basis for disciplinary action against the same
12 individual.

13 (3) The date the board receives from the complainant a written
14 release of information pertaining to the complainant’s diagnosis
15 and treatment.

16 SEC. 9. Section 5561 of the Business and Professions Code is
17 repealed.

18 5561. All accusations against licensees charging the holder of
19 a license issued under this chapter with the commission of any act
20 constituting a cause for disciplinary action shall be filed with the
21 board within five years after the board discovers, or through the
22 use of reasonable diligence should have discovered, the act or
23 omission alleged as the ground for disciplinary action, whichever
24 occurs first, but not more than 10 years after the act or omission
25 alleged as the ground for disciplinary action. However, with respect
26 to an accusation alleging a violation of Section 5579, the accusation
27 may be filed within three years after the discovery by the board
28 of the alleged facts constituting the fraud or misrepresentation
29 prohibited by Section 5579.

30 SEC. 10. Section 5661 of the Business and Professions Code
31 is repealed.

32 5661. All accusations against a licensee shall be filed within
33 three years after the board discovers, or through the use of
34 reasonable diligence should have discovered, the act or omission
35 alleged as the ground for disciplinary action or within six years
36 after the act or omission alleged as the ground for disciplinary
37 action, whichever occurs first. However, with respect to an
38 accusation alleging a violation of Section 5667, the accusation
39 may be filed within three years after the discovery by the board

1 of the alleged facts constituting the fraud or misrepresentation
2 prohibited by Section 5667.

3 If any accusation is not filed within the time provided in this
4 section, no action against a licensee shall be commenced under
5 this article.

6 SEC. 11. Section 7686.5 of the Business and Professions Code
7 is repealed.

8 ~~7686.5. All accusations against licensees shall be filed with
9 the bureau within two years after the performance of the act or
10 omission alleged as the ground for disciplinary action; provided,
11 however, that the foregoing provision shall not constitute a defense
12 to an accusation alleging fraud or misrepresentation as a ground
13 for disciplinary action. The cause for disciplinary action in such
14 case shall not be deemed to have accrued until discovery, by the
15 bureau, of the facts constituting the fraud or misrepresentation,
16 and, in such case, the accusation shall be filed within three years
17 after such discovery.~~

18 SEC. 12. Section 9884.20 of the Business and Professions
19 Code is repealed.

20 ~~9884.20. All accusations against automotive repair dealers
21 shall be filed within three years after the performance of the act
22 or omission alleged as the ground for disciplinary action, except
23 that with respect to an accusation alleging fraud or
24 misrepresentation as a ground for disciplinary action, the accusation
25 may be filed within two years after the discovery, by the bureau,
26 of the alleged facts constituting the fraud or misrepresentation.~~

27 SEC. 13. Section 9889.8 of the Business and Professions Code
28 is repealed.

29 ~~9889.8. All accusations against licensees shall be filed within
30 three years after the act or omission alleged as the ground for
31 disciplinary action, except that with respect to an accusation
32 alleging a violation of subdivision (d) of Section 9889.3, the
33 accusation may be filed within two years after the discovery by
34 the bureau of the alleged facts constituting the fraud or
35 misrepresentation prohibited by that section.~~

Memorandum

LC Agenda Item V.E.
March 24, 2011

CBA Agenda Item VIII.C.5.e.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 28, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 991- California Licensing and Permit Center

Bill Number: AB 991 (**Attachment 1**)
Authors: Olsen
Current Status: Introduced

Provisions:

AB 991 would require the Governor to establish a Web site known as the California Licensing and Permit Center (CLPC). The CLPC would assist the public with the licensing requirements of state agencies. The CLPC would have a help center to answer any questions applicants may have. This bill would require state agencies to cooperate with the CLPC to provide accurate and up to date information about their licensing requirements and to reallocate a portion of their operating budget in a "proportionate share" to pay for the operation of the CLPC.

Comments:

This is an attempt to consolidate information for the convenience of license applicants. However, it would likely lead to greater confusion. Right now, the public knows that to get a driver's license, you must go to the DMV; to get a fishing license, you must go to the Department of Fish and Game. Applicants for a professional license, including a Certified Public Accountant (CPA) license, know to go to the board or bureau that licenses their chosen profession. Department of Consumer Affairs (DCA) licensees already have the duplication of the DCA Web site in addition to the board or bureau Web site. Adding another Web site would mean that an applicant for a CPA license would have three different Web sites to choose from.

Additionally, this bill would require the California Board of Accountancy to pay a proportional share of the operating costs for the CLPC. It seems incongruent to be paying to drive Internet traffic away from the CBA's Web site and to another site.

Recommendation:

Staff recommend an Oppose position on AB 991.

Attachment

ASSEMBLY BILL

No. 991

**Introduced by Assembly Member Olsen
(Principal coauthors: Assembly Members Gatto and Perea)
(Coauthor: Senator Berryhill)**

February 18, 2011

An act to add Section 12019.5 to the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

AB 991, as introduced, Olsen. State government: licenses: California Licensing and Permit Center.

Existing law requires members of the public to obtain license, permits, or to register with state agencies prior to undertaking certain types of tasks.

This bill would require the Governor to establish a Internet Web site, known as the California Licensing and Permit Center (CLPC), to assist the public with licensing, permitting, and registration requirements of state agencies. This bill would require the Governor to operate, via both e-mail and telephone methods, a help center to assist applicants with licensing, permitting, and registration requirements. This bill would require state agencies that the Governor determines has licensing authority to cooperate with this program by providing accurate updated information about their licensing requirements.

This bill would create the California License and Permit Fund in the State Treasury, and require state agencies that are required to participate in the CLPC to reallocate a portion of their operating budget, as specified, to pay for the operating cost of the CLPC. This bill would

state that upon appropriation by the Legislature revenues from the fund will be used only for purposes of the bill.

This bill would require the CLPC to be provided to public free of charge.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. Section 12019.5 is added to the Government
2 Code, to read:

3 12019.5. (a) The Governor, or his or her designee, shall, in
4 cooperation with the California Technology Agency, establish an
5 Internet Web site to assist the public with licensing, permitting,
6 and registration requirements. This Internet Web site shall be
7 known as the California Licensing and Permit Center (CLPC) and
8 shall be accessible from the Governor's Web site. This Internet
9 Web site shall contain information on licensing, permitting, and
10 registration requirements of state agencies, and shall include, but
11 not be limited to, information that does all of the following:

12 (1) Assists potential applicants with identifying the type of
13 applications, forms, or other similar documents an applicant may
14 need.

15 (2) Provides a digital copy of all state applications, forms, or
16 other similar documents.

17 (3) Instructs potential applicants where to transmit applications,
18 forms, or other similar documents.

19 (b) The Governor, or his or her designee, shall operate, via both
20 e-mail and telephone methods, a help center that will assist
21 applicants with licensing, permitting, and registration requirements.

22 (c) The Governor, in cooperation with the California Technology
23 Agency, shall ensure that the Internet Web site is user friendly and
24 provides accurate, updated resources.

25 (d) Each state agency that the Governor determines has licensing
26 authority shall participate fully with this program by providing
27 accurate updated information about its licensing requirements.

28 (e) (1) The California License and Permit Fund is hereby
29 created in the State Treasury. Each state agency that is required to
30 participate in the CLPC shall reallocate funds annually from its
31 operating budget to the fund in the amount necessary to pay for

1 the agency's proportionate share of establishing and operating the
2 CLPC.

3 (2) All moneys in the fund shall, upon appropriation by the
4 Legislature, be used by the Governor only for the purposes of this
5 section.

6 (f) The CLPC shall be provided to the public free of any charges.

O

Memorandum

LC Agenda Item V.F.
March 24, 2011

CBA Agenda Item VIII.C.5.f.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 28, 2011

Telephone : (916) 561-1792

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E-mail : mstanley@cba.ca.gov

From :  Matthew Stanley, Legislation/Regulation Analyst

Subject : Assembly Bill 1193- Accountancy

Bill Number: AB 1193 (**Attachment 1**)

Authors: Hagman

Current Status: Introduced

Provisions:

AB 1193 is a spot bill that makes a technical change to the definition of "Board" in the Accountancy Act.

Comments:

This is clearly a spot bill as there would be no changes if this bill were enacted.

Recommendation:

Staff recommend a Watch position on AB 1193.

Attachment

ASSEMBLY BILL

No. 1193

Introduced by Assembly Member Hagman

February 18, 2011

An act to amend Section 5030 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

AB 1193, as introduced, Hagman. Accountancy.

Existing law provides for the licensure and regulation of the practice of accountancy by the California Board of Accountancy and defines certain terms for those purposes.

This bill would make a technical, nonsubstantive change to one of those definitions.

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

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

- 1 SECTION 1. Section 5030 of the Business and Professions
- 2 Code is amended to read:
- 3 5030. "Board" ~~means~~ *shall mean* the California Board of
- 4 Accountancy.

O

Memorandum

LC Agenda Item V.G.
March 24, 2011

CBA Agenda Item VIII.C.5.g.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 28, 2011

Telephone : (916) 561-1792

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From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 103- State government: meetings: teleconferencing

Bill Number: SB 103 (**Attachment 1**)
Authors: Liu
Current Status: Amended March 1, 2011

Provisions:

SB 103 would authorize state bodies to the extent practicable to conduct their meetings via teleconference. It would require a state body to conduct a teleconference meeting upon request by any member of that body unless the chair determines that it would cost more than meeting in person. Additionally, SB 103 requires state bodies to provide a live webcast of its meetings that are open to the public.

Comments:

This bill would require the California Board of Accountancy (CBA) to hold a teleconference meeting at the request of any member provided the President determines that it is a cheaper option than meeting in person. It is unclear whether the rest of the CBA could meet in person, but this could lead to a disconnect between members and the public if meetings begin to be held telephonically for convenience. The public would show up at a location that is readily accessible to them, but would not be physically present with the many of the CBA members. Part of transparency is being able to physically attend a meeting and present your issues to live people, not a speakerphone.

The CBA is already providing a live webcast of its open meetings.

Recommendation:

Staff recommend an Oppose Unless Amended position on SB 103. The suggested amendment would be to clarify that the remaining members could still meet in person.

Attachment

AMENDED IN SENATE MARCH 1, 2011

SENATE BILL

No. 103

Introduced by Senator Liu

January 12, 2011

An act to amend Section 11123 of the Government Code, relating to state government.

LEGISLATIVE COUNSEL'S DIGEST

SB 103, as amended, Liu. State government: ~~meetings; teleconferencing; meetings.~~

Existing law authorizes a state body to conduct teleconference meetings.

This bill would ~~urge authorize~~ a state body, to the extent ~~legally or financially possible, practicable~~, to conduct teleconference meetings.

This bill would require, upon the request of a member of a state body, a state body to hold an open or closed meeting by teleconference, unless the chair of that state body determines that it would be more costly to hold the meeting by teleconference than it would be to hold it in person.

This bill would require a state body that operates an Internet Web Site to provide a supplemental live audio or video broadcast on the Internet Web site of its board meetings that are open to the public, and would specify that a technical failure to provide a live broadcast would not prohibit the board from meeting and taking actions.

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

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

1 SECTION 1. The Legislature finds and declares the following:

1 (a) That teleconferencing is a green technology, allowing
2 organizations to mitigate energy use by dramatically reducing the
3 need to travel.

4 (b) By communicating over video or telephone, organizations
5 can also substantially reduce their carbon footprint by reducing
6 the need to travel via high-emission methods, such as flying or
7 driving.

8 (c) Teleconferencing saves money by reducing the number of
9 trips taken annually, and this monetary savings is multiplied by
10 the cost of transportation to and from the airport, the flight, per
11 diem expenses, salary of time lost in traveling, and other incidental
12 expenses of travel.

13 (d) The amount saved by teleconferencing greatly exceeds the
14 minimal cost of investing and implementing teleconferencing
15 solutions, such as the cost for new equipment, services, and
16 training.

17 (e) Therefore, it is the intent of the Legislature that state bodies,
18 to the extent possible, conduct teleconference meetings in order
19 to save the environment and save the state money.

20 SEC. 2. Section 11123 of the Government Code is amended
21 to read:

22 11123. (a) All meetings of a state body shall be open and
23 public and all persons shall be permitted to attend any meeting of
24 a state body except as otherwise provided in this article.

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

31 *(b) (1) A state body may, to the extent practicable, hold an open*
32 *or closed meeting by teleconference for the benefit of the public*
33 *and the state body.*

34 *(2) Upon the request of a member of a state body, the state body*
35 *shall hold an open or closed meeting by teleconference, unless the*
36 *chair of the state body determines that it would be more costly to*
37 *hold the meeting by teleconference than it would be to hold it in*
38 *person.*

39 *(3) The meeting or proceeding held by teleconference pursuant*
40 *to this subdivision shall otherwise comply with all applicable*

1 *requirements or laws relating to a specific type of meeting or*
2 *proceeding, including all of the following:*

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

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

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

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

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

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

25 (2) For the purposes of this subdivision, "teleconference" means
26 a meeting of a state body, the members of which are at different
27 locations, connected by electronic means, through either audio or
28 both audio and video. This section does not prohibit a state body
29 from providing members of the public with additional locations
30 in which the public may observe or address the state body by
31 electronic means, through either audio or both audio and video.

32 ~~(c) A state body shall, to the extent legally or financially~~
33 ~~possible, conduct teleconference meetings, subject to the~~
34 ~~requirements set out in subdivision (b).~~

35 *(c) (1) If a state body operates an Internet Web site, the state*
36 *body shall, subject to all otherwise applicable requirements of this*
37 *article, provide a supplemental live audio or video broadcast on*
38 *its Internet Web site of each of its meetings that are open to the*
39 *public.*

1 (2) *If a technical failure prevents the body from providing a live*
2 *broadcast on its Internet Web site pursuant to this subdivision,*
3 *that failure shall not constitute a violation of this section if the*
4 *board exercised reasonable diligence in providing the live*
5 *broadcast.*

6 (3) *Failure to provide a live broadcast due to a technical failure*
7 *shall not prohibit the body from meeting and taking actions as*
8 *otherwise provided by law.*

Memorandum

LC Agenda Item V.H.
March 24, 2011

CBA Agenda Item VIII.C.5.h.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : February 28, 2011

Telephone : (916) 561-1792

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From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 306- Accountancy

Bill Number: SB 306 (**Attachment 1**)

Authors: De Leon

Current Status: Introduced

Provisions:

SB 306 would require the California Board of Accountancy (CBA) to extend the Safe Harbor period (Section 30 of the CBA Regulations) for Practice Privilege in its regulations from December 31, 2010 to December 31, 2013.

Comments:

This CBA is already pursuing an emergency regulation to make the Safe Harbor period permanent. Under this bill, the CBA would need to place an inoperative date back into Section 30 of the CBA Regulations.

Recommendation:

Staff recommend an Oppose Unless Amended position on SB 306. The amendment would be to require the CBA to make the Safe Harbor period permanent in law (**Attachment 2**), thus nullifying the need for the regulation.

Attachments

**DEPARTMENT OF CONSUMER AFFAIRS**

CALIFORNIA BOARD OF ACCOUNTANCY
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**Attachment 2****5096.14.**

~~The board shall amend Section 30 of Article 4 of Division 1 of Title 16 of the California Code of Regulations to extend the current "safe harbor" period from December 31, 2007, to December 31, 2010.~~

(a) An individual shall not be deemed to be in violation of this Article solely because he or she begins the practice of public accounting in California prior to notifying the board as indicated in Section 5096(c), provided the notice is given within five business days of the date practice begins. An individual who properly notifies the board within the five-day period provided for in this Section shall be deemed to have a practice privilege from the first day of practice in California unless the individual fails to timely submit the required fee pursuant to Section 5096(c).

(b) Subsection (a) of this section does not apply in those instances in which prior approval by the board is required pursuant to Section 5096(g).

(c) In addition to any other applicable sanction, the board may issue a fine pursuant to Section 5096.3 for notifying the board more than five business days after beginning practice in California.

SENATE BILL

No. 306

Introduced by Senator De LeónFebruary 14, 2011

An act to amend Section 5096.14 of the Business and Professions Code, relating to accountancy.

LEGISLATIVE COUNSEL'S DIGEST

SB 306, as introduced, De León. Accountancy.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy in the Department of Consumer Affairs. Existing law prohibits a person from engaging in the practice of public accountancy in this state unless he or she holds either a valid permit issued by the board or a practice privilege, as specified. A violation of this provision is a crime. Existing law requires the board to amend a specified regulation to extend from December 31, 2007, to December 31, 2010, a safe harbor pertaining to practicing accountancy without a practice privilege for up to 5 days prior to submitting a notification form to the board, as specified.

This bill would require the board to amend the specified regulation to extend that safe harbor period from December 31, 2010, to December 31, 2013.

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

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

- 1 SECTION 1. Section 5096.14 of the Business and Professions
- 2 Code is amended to read:
- 3 5096.14. The board shall amend Section 30 of Article 4 of
- 4 Division 1 of Title 16 of the California Code of Regulations to

- 1 extend the current "safe harbor" period from ~~December 31, 2007,~~
- 2 ~~to~~ December 31, 2010, *to December 31, 2013.*

O

Memorandum

LC Agenda Item V.I.
March 24, 2011

CBA Agenda Item VIII.C.5.i.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 1, 2011

Telephone : (916) 561-1792

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From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 366- Accountancy

Bill Number: SB 366 (**Attachment 1**)
Authors: Calderon and Pavley
Current Status: Introduced

Provisions:

SB 366 would require all state agencies to identify any regulations within its jurisdiction which are out-of-date, duplicative, inconsistent, or overlap. It also requires that the agency undertake a rulemaking in order to rectify the identified problems. The bill outlines the procedure for adopting these regulations which differs in several ways from the normal rulemaking process. Additionally, it requires a report to the Governor and Legislature on the agency's compliance with this bill. This bill also contains an urgency clause which means it would take effect upon the Governor's signature. The whole process must be completed within 6 months after the effective date of the bill.

Comments:

The California Board of Accountancy (CBA) staff is already undertaking the process of identifying regulations within its jurisdiction which are out-of-date, duplicative, inconsistent, or overlap as a part of a broader initiative to overhaul, update, and standardize its regulations. This proposal is expected to be brought forward to the CBA before the end of 2011. However, the urgency clause may accelerate that timeline.

It is believed that this is the bill implementing Senate President Pro Tem Darrell Steinberg's proposal (**Attachment 2**) made in January 2011.

Recommendation:

Staff recommend a Support position on SB 366.

Attachment

SENATE BILL

No. 366

Introduced by Senators Calderon and PavleyFebruary 15, 2011

An act to add and repeal Article 5.5 (commencing with Section 65958) of Chapter 4.5 of Division 1 of Title 1 of, and to add and repeal Chapter 3.6 (commencing with Section 11366) of Part 1 of Division 3 of Title 2 of, the Government Code, relating to state government, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 366, as introduced, Calderon. Regulations: agency review.

(1) Existing law, the Administrative Procedure Act, governs the procedure for the adoption, amendment, or repeal of regulations by state agencies and for the review of those regulatory actions by the Office of Administrative Law. Existing law creates the State and Consumer Services; Business, Transportation and Housing; California Emergency Management; California Environmental Protection; California Health and Human Services; Labor and Workforce Development; Natural Resources; and Youth and Adult Correctional Agencies in state government with various duties to oversee the actions of state departments that are within those agencies.

This bill would, until January 1, 2013, require each state agency, defined, to mean every state office, officer, department, division, bureau, board, and commission, except the California State University within 180 days of the effective date of the bill, to undertake specified actions in regards to the regulations that have been adopted by the state agency, including, among others, identifying any regulations that are duplicative, overlapping, inconsistent, or out of date, and adopting, amending, or repealing regulations to reconcile or eliminate any duplication, overlap, inconsistency, or out-of-date provisions, after conducting a publicly

noticed hearing, as specified, and using procedures for adopting emergency regulations.

The bill would also require each of the overseeing agencies listed above, until January 1, 2013, and within 60 days of the effective date of the bill, to notify any state department, board, or commission within that state agency of any regulations adopted by those entities that the agency has determined may be duplicative, overlapping, or inconsistent with a regulation adopted by another state department, board, or commission within the agency. The bill would also require a state department, board, or commission within an agency to notify that state agency of revisions to regulations that the entity proposes to make at least 60 days prior to the required noticed public hearing and adoption of the emergency regulation, as specified.

(2) Existing law sets forth generally the procedures for the review and approval of permits for development projects in the state.

This bill would, until January 1, 2013, establish the Streamlined Permit Review Team in state government, consisting of the Secretary of Business, Transportation and Housing, the Secretary for Environmental Protection, and the Secretary of the Natural Resources Agency. The bill would require the team, upon the request of a permit applicant, to convene permitting agencies, as defined, to perform various activities in making the application process more efficient. The bill would require the permitting agencies to determine the completeness of an application complete and act upon the application within specified time periods, subject to certain conditions. This bill would require the team, on or before March 1, 2014, to submit a report to the Governor and to the Legislature with prescribed information relating to the permitting activities of the team.

The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. Governor Schwarzenegger issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 6, 2010. Governor Brown issued a proclamation on January 20, 2011, declaring and reaffirming that a fiscal emergency exists and stating that his proclamation supersedes the earlier proclamation for purposes of that constitutional provision.

This bill would state that it addresses the fiscal emergency declared and reaffirmed by the Governor by proclamation issued on January 20, 2011, pursuant to the California Constitution.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Chapter 3.6 (commencing with Section 11366)
2 is added to Part 1 of Division 3 of Title 2 of the Government Code,
3 to read:

4
5 CHAPTER 3.6. REGULATORY REFORM

6
7 Article 1. Findings and Declarations

8
9 11366. The Legislature finds and declares all of the following:

10 (a) The Administrative Procedure Act (Chapter 3.5 (commencing
11 with Section 11340)) requires agencies and the Office of
12 Administrative Law to review regulations to ensure their
13 consistency with law and to consider impacts on the state's
14 economy and businesses, including small businesses.

15 (b) However, the act does not require agencies to individually
16 review their regulations to identify overlapping, inconsistent,
17 duplicative, or out-of-date regulations that may exist.

18 (c) At a time when the state's economy is struggling,
19 unemployment is at historic levels, and state government is in
20 historic fiscal distress, state agencies should identify, review
21 publicly, and eliminate overlapping, inconsistent, duplicative, or
22 out-of-date regulations, both to ensure they more efficiently
23 implement and enforce laws and to reduce unnecessary and
24 outdated rules and regulations.

25
26 Article 2. Definitions

27
28 11366.1. For the purpose of this chapter, the following
29 definitions shall apply:

30 (a) "State agency" means a state agency, as defined in Section
31 11000, except those state agencies or activities described in Section
32 11340.9.

1 (b) "Regulation" has the same meaning as provided in Section
2 11342.600.

3

4

Article 3. State Agency Duties

5

6 11366.2. Within 180 days of the effective date of this chapter,
7 each state agency shall do all of the following:

8 (a) Review all provisions of the California Code of Regulations
9 applicable to, or adopted by, that agency.

10 (b) Identify any regulations that are duplicative, overlapping,
11 inconsistent, or out of date.

12 (c) Adopt, amend, or repeal regulations to reconcile or eliminate
13 any duplication, overlap, inconsistencies, or out of date provisions.

14 (d) Hold at least one noticed public hearing, which shall also
15 be noticed on the Internet Web site of the agency, for the purposes
16 of accepting public comment on proposed revisions to its
17 regulations.

18 (e) Notify the appropriate policy and fiscal committees of each
19 house of the Legislature of the revisions to regulations that the
20 state agency proposes to make at least 60 days prior to a noticed
21 public hearing pursuant to subdivision (d) and at least 60 days
22 prior to the proposed adoption, amendment, or repeal of the
23 regulations pursuant to subdivision (f), for the purpose of allowing
24 those committees to review, and hold hearings on, the proposed
25 revisions to the regulations.

26 (f) Adopt as emergency regulations, consistent with Section
27 11346.1, those changes, as provided for in subdivision (c), to a
28 regulation identified by the agency as duplicative, overlapping,
29 inconsistent, or out of date.

30 (g) Report to the Governor and the Legislature on its compliance
31 with this chapter, including the number and content of regulations
32 it identifies as duplicative, overlapping, inconsistent, or out of
33 date, and the actions by the agency to address those regulations.

34 11366.3. (a) Within 60 days of the effective date of this
35 chapter, each agency included in Section 12800 shall notify a
36 department, board, or commission within that agency of any
37 existing regulations adopted by that department, board, or
38 commission that the agency has determined may be duplicative,
39 overlapping, or inconsistent with a regulation adopted by another
40 department, board, or commission within that agency.

1 (b) A department, board, or commission within an agency shall
2 notify that agency of revisions to regulations that it proposes to
3 make at least 60 days prior to a noticed public hearing pursuant to
4 subdivision (d) of Section 11366.2 and at least 60 days prior to
5 adoption, amendment, or repeal of the regulations pursuant to
6 subdivision (f) of Section 11366.2. The agency shall review the
7 proposed regulations and make recommendations to the
8 department, board, or commission within 30 days of receiving the
9 notification regarding any duplicative, overlapping, or inconsistent
10 regulation of another department, board or commission within the
11 agency.

12 11366.4. A state agency included in Section 12800 shall notify
13 another state agency of any existing regulations adopted by that
14 state agency that may duplicate, overlap, or be inconsistent with
15 the other state agency's regulations.

16 11366.45. Nothing in this chapter shall be construed to weaken
17 or undermine in any manner any human health, public or worker
18 rights, public welfare, environmental, or other protection
19 established under statute. Nothing in this chapter shall be construed
20 to effect the authority or requirement for an agency to adopt
21 regulations as provided by statute. Rather, it is the intent of the
22 Legislature to ensure state agencies focus more efficiently and
23 directly on their duties as prescribed by law so as to use scarce
24 public dollars more efficiently to implement the law, while
25 achieving equal or improved economic and public benefits.

26
27 Article 4. Chapter Repeal
28

29 11366.5. This chapter shall remain in effect only until January
30 1, 2013, and as of that date is repealed, unless a later enacted
31 statute, that is enacted before January 1, 2013, deletes or extends
32 that date.

33 SEC. 2. Article 5.5 (commencing with Section 65958) is added
34 to Chapter 4.5 of Division 1 of Title 7 of the Government Code,
35 to read:

36
37 Article 5.5. Streamlined Permit Review
38

39 65958. The Legislature finds and declares as follows:

1 (a) It is in the state's interest to assist those applicants needing
2 state permits or approvals by providing a consolidated, unified,
3 and coordinated state permit process whereby, upon request by a
4 permit applicant, agencies with lead and ancillary responsibilities
5 can be convened in a single process to coordinate and expedite
6 permit reviews and disposition of those permits.

7 (b) Bipartisan legislation enacted in 2006 applicable to
8 emergency flood protection levee repairs, and in 2009 relating to
9 "shovel ready" transportation projects, ensured that there was
10 coordination and sequencing of approvals to reduce or eliminate
11 delays and to ensure that all key regulatory approvals were made.

12 (c) It is the intent of the Legislature in enacting this article to
13 ensure that state agencies focus more directly on their duties as
14 prescribed by law so as to use scarce public dollars to more
15 efficiently implement the law, while achieving the same or greater
16 economic and public benefits, and to help ensure that state
17 government is working in a coordinated fashion to help get
18 businesses that create jobs a response so that they can proceed
19 with that job creation.

20 65958.2. (a) As used in this article, the term "Permitting
21 agency" means any agency, department, office, board, or
22 commission within the Business, Transportation and Housing
23 Agency, the California Environmental Protection Agency, or the
24 Natural Resources Agency.

25 (b) The definitions contained in Article 2 (commencing with
26 Section 65925) shall also govern this article.

27 65958.5. (a) The Streamlined Permit Review Team is created
28 in state government, consisting of the following officials, one of
29 whom shall be designated chairperson by the Governor:

30 (1) The Secretary of Business, Transportation and Housing.

31 (2) The Secretary for Environmental Protection.

32 (3) The Secretary of the Natural Resources Agency.

33 (b) Upon the request of a permit applicant, the team shall
34 convene, in a duly noticed public hearing, those permitting agencies
35 with jurisdiction over the project in question to coordinate actions
36 on permits, help reduce or eliminate unnecessary inconsistencies,
37 delay, duplication, overlap, or paperwork associated with issuance
38 of multiple permits, and assist in ensuring that permitting agencies
39 and the public have the information necessary to deem permit

1 applications complete and to act upon permits at the earliest
2 feasible date in accordance with the requirements of this chapter.

3 (c) A permitting agency for a project, no later than 30 days after
4 receiving an application for a permit, shall determine the
5 completeness of an application in accordance with the requirements
6 of this chapter or request additional information necessary to
7 determine the completeness of an application. The project applicant
8 shall provide to the permitting agency the requested additional
9 information.

10 (d) (1) A permitting agency for a project shall act on a permit
11 as soon as reasonably possible, but in any case no later than the
12 time permitted in accordance with the requirements of this chapter.

13 (2) If a permitting agency fails to act on a complete permit
14 application for a project as soon as reasonably possibly, but in any
15 case no later than the time permitted in accordance with the
16 requirements of this chapter, the failure to act shall be deemed
17 approval of the permit application for the project in accordance
18 with the requirements of this chapter. However, the permitting
19 agency shall provide public notice when the project is approved
20 pursuant to this paragraph, in the same form and manner as it would
21 provide that notice under existing law.

22 (e) The time limits specified in this section may be extended
23 upon mutual written agreement of the lead agency and a permitting
24 agency.

25 (f) The time limits specified in this section shall not apply if
26 federal statutes, regulations, or delegation agreements establish
27 time schedules that differ from those time limits, and failure to
28 comply with federal time schedules could affect the disposition of
29 the project.

30 (g) Except as otherwise provided by this section, this section
31 does not affect in any manner the requirements, duties, or authority
32 of a permitting agency established by statute.

33 (h) Nothing in this chapter shall be construed to effect the
34 authority or requirement for an agency to adopt regulations as
35 provided by statute.

36 65958.7. (a) Except for the reporting requirement described
37 in subdivision (b), the provisions of this article shall become
38 inoperative on January 1, 2013.

39 (b) On or before March 1, 2014, the Streamlined Permit Review
40 Team shall report to the Governor and to the Legislature on the

1 number and types of development projects for which the process
2 established by this article was used, and the disposition of those
3 development projects.

4 (c) This article shall remain in effect only until March 15, 2014,
5 and as of that date is repealed, unless a later enacted statute, that
6 is enacted before March 15, 2014, deletes or extends that date.

7 SEC. 3. This act addresses the fiscal emergency declared and
8 reaffirmed by the Governor by proclamation on January 20, 2011,
9 pursuant to subdivision (f) of Section 10 of Article IV of the
10 California Constitution.

11 SEC. 4. This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety within
13 the meaning of Article IV of the Constitution and shall go into
14 immediate effect. The facts constituting the necessity are:

15 In order to more efficiently focus the efforts of state agencies
16 on implementing the law and to reduce or eliminate superfluous
17 or unnecessary regulations that are not authorized by law, in order
18 to allow state agencies to amend or repeal duplicative, overlapping,
19 inconsistent, or out of date regulations from the California Code
20 of Regulations and to streamline the state permit review process
21 for development projects at the earliest possible time, it is necessary
22 that this bill take effect immediately.

O



January 21, 2011

Steinberg wants big review to kill regulations

California Senate President Pro Tem Darrell Steinberg, D-Sacramento, today said he will pursue emergency legislation forcing state agencies to review all regulations and recommend a wholesale re-writing of the state's regulatory scheme.

In an interview with The Bee Capitol Bureau, Steinberg said he'll propose "urgency legislation that directs each state agency to review its regulations, identify any duplicative, archaic or inconsistent rules."

Steinberg said lawmakers could then act on the recommendations over the next six months, perhaps expunging some rules from the 5,000-page California Code of Regulations as part of the state budget negotiations.

"To our knowledge, no one, not a previous governor, not the agencies and not the Legislature have ever compelled this sort of retrospective review to ensure that state regulations are streamlined, that they're up to date and that they're consistent with the law," Steinberg said.

The idea drew a positive response from Sen. Bob Dutton, the minority Republican Senate leader, who said that GOP bills to eliminate regulations have met with defeat for years in the Legislature.

"I would like to thank Senate Pro Tem Steinberg for his decision today to introduce urgency legislation to review all of California's thousands of regulations that have contributed to the loss of private-sector jobs over the past several years," Dutton, of Rancho Cucamonga, said in a statement.

Democratic leader Steinberg said his is not an effort to "weaken or undermine public health, environmental or worker safety protections," but rather to make it easier for businesses to "wade through the often difficult, complicated, duplicative bureaucracies that delay economic investment and job growth."

Steinberg, who held a Senate Democratic Caucus meeting this week with high-profile business figures, said he also wants urgency legislation that allows businesses or others to request a "consolidated and coordinated" state review process to obtain permits.

"Government needs to be more nimble," Steinberg said.

The ideas emerge as Democratic leaders prepare for the Legislature to review Gov. Jerry Brown's proposal to slash \$12.6 billion in government spending. They are also trying to assemble a ballot measure for June that calls for extending tax hikes they say will be needed to avoid doubling those cuts.

"We need to do a whole lot better in providing a friendlier business climate," Steinberg said, adding that Democrats need to show businesses that they "get it."

If agencies are compelled to identify duplication, Steinberg said, "we ought to identify some of the most obvious" repetitive regulations and quickly eliminate them with executive or legislative action.

Memorandum

LC Agenda Item V.J.
March 24, 2011

CBA Agenda Item VIII.C.5.i.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 1, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 542- Professions and vocations: regulatory boards

Bill Number: SB 542 (**Attachment 1**)

Authors: Price

Current Status: Introduced

Provisions:

SB 542 is the sunset review bill for the California Board of Accountancy (CBA) and the Professional Fiduciaries Bureau (PFB). It extends the sunset date for each to 2016.

Comments:

Currently this is a spot bill as it is expected that there will be many more provisions added during the sunset review process. Should it occur, this bill would be the most likely vehicle for a merger of the CBA and PFB.

Recommendation:

Staff recommend a Watch position on SB 542.

Attachment

Introduced by Senator Price

February 17, 2011

An act to amend Sections 5000, 5015.6, and 6510 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 542, as introduced, Price. Professions and vocations: regulatory boards.

Existing law provides for the licensure and regulation of various professions and vocations by boards within the department, including, the California Board of Accountancy and the Professional Fiduciaries Bureau. Existing law authorizes the board to appoint an executive officer and authorizes the Governor to appoint the chief of the bureau. Under existing law, these provisions are repealed on January 1, 2012. Under existing law, boards scheduled for repeal are required to be evaluated by the Joint Sunset Review Committee.

This bill would extend the operation of these provisions until January 1, 2016, and would specify that these boards would be subject to review by the appropriate policy committees of the Legislature.

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

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

- 1 SECTION 1. Section 5000 of the Business and Professions
- 2 Code is amended to read:
- 3 5000. There is in the Department of Consumer Affairs the
- 4 California Board of Accountancy, which consists of 15 members,
- 5 seven of whom shall be licensees, and eight of whom shall be

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

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

15 This section shall remain in effect only until January 1, ~~2012~~
16 *2016*, and as of that date is repealed, unless a later enacted statute,
17 that is enacted before January 1, ~~2012~~ *2016*, deletes or extends
18 that date. ~~The repeal of this section renders the board subject to the~~
19 ~~review required by Division 1.2 (commencing with Section 473).~~
20 *Notwithstanding any other provision of law, the repeal of this*
21 *section renders the board subject to review by the appropriate*
22 *policy committees of the Legislature.* However, the review of the
23 board shall be limited to reports or studies specified in this chapter
24 and those issues identified by the ~~Joint Committee on Boards,~~
25 ~~Commissions, and Consumer Protection~~ *appropriate policy*
26 *committees of the Legislature* and the board regarding the
27 implementation of new licensing requirements.

28 SEC. 2. Section 5015.6 of the Business and Professions Code
29 is amended to read:

30 5015.6. The board may appoint a person exempt from civil
31 service who shall be designated as an executive officer and who
32 shall exercise the powers and perform the duties delegated by the
33 board and vested in him or her by this chapter.

34 This section shall remain in effect only until January 1, ~~2012~~
35 *2016*, and as of that date is repealed, unless a later enacted statute,
36 that is enacted before January 1, ~~2012~~ *2016*, deletes or extends
37 that date.

38 SEC. 3. Section 6510 of the Business and Professions Code is
39 amended to read:

1 6510. (a) There is within the jurisdiction of the department
2 the Professional Fiduciaries Bureau. The bureau is under the
3 supervision and control of the director. The duty of enforcing and
4 administering this chapter is vested in the chief of the bureau, who
5 is responsible to the director. Every power granted or duty imposed
6 upon the director under this chapter may be exercised or performed
7 in the name of the director by a deputy director or by the chief,
8 subject to conditions and limitations as the director may prescribe.

9 (b) The Governor shall appoint, subject to confirmation by the
10 Senate, the chief of the bureau, at a salary to be fixed and
11 determined by the director with the approval of the Director of
12 Finance. The chief shall serve under the direction and supervision
13 of the director and at the pleasure of the Governor.

14 (c) This section shall remain in effect only until January 1, ~~2012~~
15 *2016*, and as of that date is repealed, unless a later enacted statute,
16 that is enacted before January 1, ~~2012~~ *2016*, deletes or extends
17 that date. ~~The repeal of this section renders the bureau subject to~~
18 ~~the review required by Division 1.2 (commencing with Section~~
19 ~~473). *Notwithstanding any other provision of law, the repeal of*~~
20 ~~this section renders the board subject to review by the appropriate~~
21 ~~policy committees of the Legislature.~~

22 Notwithstanding any other provision of law, upon the repeal of
23 this section, the responsibilities and jurisdiction of the bureau shall
24 be transferred to the Professional Fiduciaries Advisory Committee,
25 as provided by Section 6511.

O

Memorandum

LC Agenda Item V.K.
March 24, 2011

CBA Agenda Item VIII.C.5.k.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 1, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 773- Accountants

Bill Number: SB 773 (**Attachment 1**)
Authors: Negrete-McLeod
Current Status: Introduced

Provisions:

SB 773 would exempt certain restatements and related disclosures from the restatement reporting requirement. The exempted restatements would be any that are reported to the Securities and Exchange Commission or that are due solely to a change in law, rules and regulations, or standards.

Comments:

This bill is identical language (with some minor, technical changes) to that which was approved for sponsorship by the California Board of Accountancy (CBA) at its November 2010 meeting. Staff did not pursue a separate bill for this language as they were informed that this language will be incorporated into the CBA's sunset review bill. It is possible that this language is meant to stand on its own, or it could be a spot bill for future amendments.

Recommendation:

Staff recommend a Watch position on SB 773.

Attachment

Introduced by Senator Negrete McLeod

February 18, 2011

An act to amend Section 5063 of the Business and Professions Code, relating to accountants.

LEGISLATIVE COUNSEL'S DIGEST

SB 773, as introduced, Negrete McLeod. Accountants.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy in the Department of Consumer Affairs. Existing law requires a licensee to report to the board in writing the occurrence of certain events within 30 days of the time the licensee has knowledge of those events, including any restatement of a financial statement and related disclosures by a client audited by the licensee.

This bill would exempt from the reporting requirement a restatement or related disclosure if included in any report filed and furnished to the Securities and Exchange Commission, or if the restatement or disclosure was made solely due to a change in law, rules and regulations, or standards.

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

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

- 1 SECTION 1. Section 5063 of the Business and Professions
- 2 Code is amended to read:
- 3 5063. (a) A licensee shall report to the board in writing of the
- 4 occurrence of any of the following events occurring on or after
- 5 January 1, 1997, within 30 days of the date the licensee has
- 6 knowledge of these events:

1 (1) The conviction of the licensee of any of the following:

2 (A) A felony.

3 (B) Any crime related to the qualifications, functions, or duties
4 of a public accountant or certified public accountant, or to acts or
5 activities in the course and scope of the practice of public
6 accountancy.

7 (C) Any crime involving theft, embezzlement, misappropriation
8 of funds or property, breach of a fiduciary responsibility, or the
9 preparation, publication, or dissemination of false, fraudulent, or
10 materially misleading financial statements, reports, or information.

11 As used in this section, a conviction includes the initial plea,
12 verdict, or finding of guilt, pleas of no contest, or a pronouncement
13 of sentence by a trial court even though that conviction may not
14 be final or sentence *is not* actually imposed until *all* appeals are
15 exhausted.

16 (2) The cancellation, revocation, or suspension of a certificate;
17 *or* other authority to practice, or refusal to renew a certificate or
18 other authority to practice as a certified public accountant or a
19 public accountant, by any other state or foreign country.

20 (3) The cancellation, revocation, or suspension of the right to
21 practice as a certified public accountant or a public accountant
22 before any governmental body or agency.

23 (b) A licensee shall report to the board in writing the occurrence
24 of any of the following events occurring on or after January 1,
25 2003, within 30 days of the date the licensee has knowledge of the
26 events:

27 (1) Any restatement of a financial statement and related
28 disclosures by a client audited by the licensee *that is not included*
29 *in any report filed and furnished to the Securities and Exchange*
30 *Commission, or that is not solely due to a change in law, rules*
31 *and regulations, or standards.*

32 (2) Any civil action settlement or arbitration award against the
33 licensee relating to the practice of public accountancy where the
34 amount or value of the settlement or arbitration award is thirty
35 thousand dollars (\$30,000) or greater and where the licensee is not
36 insured for the full amount of the award.

37 (3) Any notice of the opening or initiation of a formal
38 investigation of the licensee by the Securities and Exchange
39 Commission or its designee.

1 (4) Any notice from the Securities and Exchange Commission
2 to a licensee requesting a Wells Submission.

3 (5) Any notice of the opening or initiation of an investigation
4 by the Public Company Accounting Oversight Board or its
5 designee, as defined pursuant to subdivision (g).

6 (c) A licensee shall report to the board in writing, within 30
7 days of the entry of the judgment, any judgment entered on or after
8 January 1, 2003, against the licensee in any civil action alleging
9 any of the following:

10 (1) Dishonesty, fraud, gross negligence, or negligence.

11 (2) Breach of fiduciary responsibility.

12 (3) Preparation, publication, or dissemination of false,
13 fraudulent, or materially misleading financial statements, reports,
14 or information.

15 (4) Embezzlement, theft, misappropriation of funds or property,
16 or obtaining money, property, or other valuable consideration by
17 fraudulent means or false pretenses, or other errors or omissions.

18 (5) Any actionable conduct by the licensee in the practice of
19 public accountancy, the performance of bookkeeping operations,
20 or other professional practice.

21 (d) The report required by subdivisions (a), (b), and (c) shall be
22 signed by the licensee and set forth the facts ~~which~~ *that* constitute
23 the reportable event. If the reportable event involves the action of
24 an administrative agency or court, then the report shall set forth
25 the title of the matter, court or agency name, docket number, and
26 dates of occurrence of the reportable event.

27 (e) A licensee shall promptly respond to oral or written inquiries
28 from the board concerning the reportable events, including inquiries
29 made by the board in conjunction with license renewal.

30 (f) Nothing in this section shall impose a duty upon any licensee
31 to report to the board the occurrence of any of the events set forth
32 in subdivision (a), (b), or (c) either by or against any other licensee.

33 (g) The board may adopt regulations to further define the
34 reporting requirements of this section.

Memorandum

LC Agenda Item V.L.
March 24, 2011

CBA Agenda Item VIII.C.5.I.
March 24-25, 2011

To : CBA Members
Legislative Committee Members

Date : March 1, 2011

Telephone : (916) 561-1792

Facsimile : (916) 263-3678

E-mail : mstanley@cba.ca.gov

From : 
Matthew Stanley, Legislation/Regulation Analyst

Subject : Senate Bill 921- Professions and vocations: regulatory boards

Bill Number: SB 921 (**Attachment 1**)

Authors: Lieu

Current Status: Introduced

Provisions:

Current law establishes that the Legislature believes that unlicensed activity is a threat to the health, welfare, and safety of the people of California. SB 921 would amend that to say that the Legislature believes that unlicensed activity is a dire and immediate threat to the health, welfare, and safety of the people of California.

Comments:

This bill is most likely a spot bill for future amendment regarding unlicensed activity.

Recommendation:

Staff recommend a Watch position on SB 921.

Attachment

Introduced by Senator Lieu

February 18, 2011

An act to amend Section 145 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 921, as introduced, Lieu. Professions and vocations: Department of Consumer Affairs.

Existing law establishes the Department of Consumer Affairs in the State and Consumer Services Agency. Existing law provides that the department is comprised of various state agencies that regulate specified professions and vocations. Existing law sets forth the Legislature's findings that unlicensed activity in the professions and vocations regulated by the department is a threat to the health, welfare, and safety of the people of the State of California.

This bill would, instead, set forth the Legislature's findings that unlicensed activity in the professions and vocations regulated by the department is a dire and immediate threat to the health, welfare, and safety of the people of the State of California.

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

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

- 1 SECTION 1. Section 145 of the Business and Professions Code
- 2 is amended to read:
- 3 145. The Legislature finds and declares that:
- 4 (a) Unlicensed activity in the professions and vocations regulated
- 5 by the Department of Consumer Affairs is a *dire and immediate*

1 threat to the health, welfare, and safety of the people of the State
2 of California.

3 (b) The law enforcement agencies of the state should have
4 sufficient, effective, and responsible means available to enforce
5 the licensing laws of the state.

6 (c) The criminal sanction for unlicensed activity should be swift,
7 effective, appropriate, and create a strong incentive to obtain a
8 license.

O

Memorandum

CBA Agenda Item VIII.D.2.
March 24-25, 2011

To : CBA Members
Date : March 16, 2011
Telephone : (916) 561-1700
Facsimile : (916) 263-3675

From : Ruben Davila, Chair
Accounting Education Committee

Subject : Consideration of Proposed Legislation to Allow for the Acceptance of a Specified Master's Degree to Meet the 20 Units of Accounting Study Required for CPA Licensure Beginning January 1, 2014

Over the course of several meetings, the Accounting Education Committee (AEC), debated the merits of allowing a master's degree to qualify as meeting the 20 units of accounting study to be required for CPA licensure beginning January 1, 2014. The AEC focused primarily on acceptance of a Master's of Accounting or a Master's of Taxation.

One of the primary purposes for exploring this issue centered on applicants who graduate from a college or university with a baccalaureate degree in an area or concentration other than business, accounting, finance, economics, etc., but then decide to become a CPA after graduation and enroll in a master's program. Upon completion of the master's program many of these students have in excess of the 48 units presently required for CPA licensure, but may lack the additional 20 units of accounting study.

As expressed in the legislative intent in SB 819, one of the primary purposes for further defining the additional units required beyond the baccalaureate degree is to fill the "hollow" units. AEC members unanimously agreed that students who complete a specified master's program from an accredited institution have received a quality, well-thought out education that would comply with the spirit and intent of the legislation while providing education that is substantially equivalent to the required additional 20 units of accounting study.

CBA staff initially received direction from DCA Legal counsel that such an allowance would go beyond the scope of present statutory authority. However, upon further review and consideration of the statute, the DCA Legal Office now indicates it believes sufficient authority does exist to establish the equivalency of a master's degree via regulation.

Even with this new DCA Legal Office guidance, at the February 18, 2011 meeting the AEC unanimously adopted a motion to recommend to the CBA that it consider sponsoring legislation to allow specified master's degrees to meet the 20 units of

Accounting Education Committee Recommendation to Sponsor Legislation Page 2 of 3

accounting study. According to staff, the primary benefit of placing such language in statute would be to ensure the Office of Administrative is aware that clear authority exists to effectuate such a regulation.

As CBA members consider sponsoring such legislation, the following should be considered:

- This change will have no affect on applicants' requirement to meet the existing 24 units of accounting subjects and 24 units of business-related subjects.
- The acceptance of specified master's degrees will be one option for fulfilling the 20 units of accounting study, not a requirement.
- Allowing a master's degree to meet the 20 units of accounting study will not impact applicants' requirement to meet the minimum 10 units of ethics study required by Business and Professions (B&P) Code Section 5094 (**Attachment 1**).
- Based on comments received at the September 2010 AEC meeting, it appears both the Center for Public Interest Law and California Society of Certified Public Accountants Accounting Education Committee support the concept of allowing for specified master's degrees to meet the 20 units of accounting study. (At that time this recommendation was being considered solely as a regulation.)
- A spot bill has been drafted that could be used as a vehicle for the possible legislation, and further, provided all stakeholders support the proposed language, a possibility exists that the language could be included in an omnibus bill.

The AEC recommends that any statutory language considered by the CBA provide flexibility to specify in regulation those degrees which would be accepted. Specifying the accepted degrees in regulation rather than statute provides the CBA the ability, at a future date, to make changes to the list of acceptable degrees via the regulatory process rather than going back to the Legislature. Based on this idea, provided below is proposed statutory language approved by the AEC. The referenced B&P Code Sections are included in **Attachment 2**.

Completion of a master's degree as specified in regulations promulgated under subdivision (c) of Section 5094.6 will be deemed equivalent to the completion of the 20 units of accounting study required by Section 5094(b).

The amendment to Section ____ made by the act of adding this subdivision shall not be deemed an amendment of that section for purposes of Section 5092(e).

Accounting Education Committee Recommendation to Sponsor Legislation
Page 3 of 3

As indicated earlier, the AEC had focused on accepting only a Master's of Accounting or Master's of Taxation to meet the 20 units of accounting study; however, public comments received at the February 2011 AEC meeting indicated a desire to see the list expanded to include degrees such as a Master's of Business Administration with an accounting concentration or a Master's of Law (LL.M.) degree. The AEC has directed staff to perform further research regarding these types of degrees to determine the specific educational criteria. Based on staff research to be provided at an April 2011 AEC meeting, members may determine that statutory language allowing for specified graduate degrees rather than specified master's degrees may be more prudent, as it would also allow for a doctorate in accounting to qualify. The results of the April deliberations will be presented to CBA members at the May CBA meeting, which will still allow sufficient time for the legislative process.

I will be available at the meeting to answer questions.

Attachments

Business and Professions Code Section 5094

(a) In order for education to be qualifying, it shall meet the standards described in subdivision (b) or (c) of this section.

(b) At a minimum, education must be from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001, et seq.) and, after January 1, 2014, shall also, at minimum, include 10 units of ethics study consistent with the regulations promulgated pursuant to subdivision (b) of Section 5094.6 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. The Accounting Education Advisory Committee established under Section 5094.5 may determine that a course or a portion of a course satisfies the ethics study requirement. Nothing herein shall be deemed inconsistent with prevailing academic practice regarding the completion of units.

(c) Education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the board to be equivalent to education obtained under subdivision (b). The board may require an applicant to submit documentation of his or her education to a credential evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board in order to assess educational equivalency.

(d) The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (1) furnish evaluations directly to the board, (2) furnish evaluations written in English, (3) be a member of the American Association of Collegiate Registrars and Admission Officers, the National Association of Foreign Student Affairs, or the National Association of Credential Evaluation Services, (4) be used by accredited colleges and universities, (5) be reevaluated by the board every five years, (6) maintain a complete set of reference materials as specified by the board, (7) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts, (8) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses, (9) have an appeal procedure for applicants, and (10) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service meets the standards set forth in this subdivision and in any regulations adopted by the board.

Business and Professions Code Section 5094.6

5094.6. (a) No later than June 1, 2012, the committee shall recommend to the board ethics study guidelines consisting of no less than 10 semester units to be included as a part of the education required under Section 5093. Ethics study may consist of academic courses, portions of courses, or independent study offered by degree-granting universities, colleges, or other institutions of learning accredited by a regional or national accrediting agency. Nothing herein shall be deemed inconsistent with prevailing academic practice regarding completion of units.

(b) No later than January 31, 2013, the board shall adopt, by regulation, the ethics study recommendations made by the committee pursuant to subdivision (a) without substantive changes. The committee shall issue a report during the public comment period and, no later than 30 days after the regulations are final, shall offer an opinion as to whether the regulations will implement its recommendations.

(c) The board shall, no later than January 1, 2012, by regulation, adopt guidelines for accounting study to be included as part of the education required under Section 5093. In promulgating these regulations, the board shall consider the views of the Accounting Education Advisory Committee established under Section 5094.7.

(d) No later than six months following the issuance of the report by the California Research Bureau regarding the Uniform Accountancy Act's 150-hour rule, the board shall hold a hearing on the report. At the hearing, the board shall make recommendations, based on that report, to the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants for ensuring the relevancy of accountancy education to the modern practice of accounting and shall approve a plan for the board to seek the adoption of those recommendations and any others the board may recommend related to enforcement and Internet disclosure.

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

(1) Except as provided in subdivision (c), "committee" means the Advisory Committee on Accounting Ethics Curriculum established under Section 5094.5.

(2) "Ethics study guidelines" means the guidelines for the study of ethics adopted for California by the committee and the board consisting of a program of learning that provides students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior that is in the best interest of the investing and consuming public and the profession. At minimum, it includes academic work or independent study and shall include a foundation for ethical reasoning and the core values of integrity, objectivity, and independence consistent with the International Education Standards-4 of the International Accountants Education Standards Board, the International Federation of Accountants Code of Ethics, and the American Institute of Certified Public Accountants Code of Professional Conduct.

(3) "Accounting study" means independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business, so as to enhance the competency of students as practitioners.

Business and Professions Code Section 5094(b)

(b) At a minimum, education must be from a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001, et seq.) and, after January 1, 2014, shall also, at minimum, include 10 units of ethics study consistent with the regulations promulgated pursuant to subdivision (b) of Section 5094.6 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. The Accounting Education Advisory Committee established under Section 5094.5 may determine that a course or a portion of a course satisfies the ethics study requirement. Nothing herein shall be deemed inconsistent with prevailing academic practice regarding the completion of units.

Business and Professions Code Section 5092(e)

(e) This section shall become inoperative on January 1, 2014, but shall become or remain operative if either the educational requirements in ethics study and accounting study established by subdivision (b) of Section 5094, Section 5094.5, and Section 5094.6 are reduced or eliminated or if the practice privilege requirements of Sections 5096 to 5096.15, inclusive, are amended or repealed.

Memorandum

CBA Agenda Item VIII.F.2.
March 24-25, 2011

To : CBA Members

Date: March 17, 2011
Telephone : (916) 561-1731
Facsimile : (916) 263-3673
E-mail: rixta@cba.ca.gov

From : Nancy Corrigan, Chair
Peer Review Oversight Committee

Subject : Proposed Responses to AICPA's Exposure Draft on Performing and Reporting on Peer Reviews of Compilations Performed under SSARS 19, Date January 31, 2011

At its March 4, 2011 meeting, the California Board of Accountancy's (CBA) Peer Review Oversight Committee (PROC) reviewed the American Institute of Certified Public Accountants' (AICPA) Exposure Draft, titled "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Compilations Performed under SSARS 19," issued January 31, 2011.

The proposal revises the Standards such that applicable documentation required by professional standards for compilation engagements performed under SSARS should be reviewed in an engagement review.

The PROC voted unanimously to recommend that the CBA support the Exposure Draft in its entirety. The Exposure Draft is attached (**Attachment 1**), as well as a draft letter to the AICPA (**Attachment 2**) should the CBA adopt the PROC's recommendation. The AICPA is requesting comments by April 29, 2011.

I will be available at the meeting to answer any questions you may have.

Attachments



EXPOSURE DRAFT

PROPOSED REVISIONS TO THE AICPA STANDARDS FOR PERFORMING AND REPORTING ON PEER REVIEWS

PERFORMING AND REPORTING ON PEER REVIEWS OF COMPILATIONS PERFORMED UNDER SSARS 19

January 31, 2011

Comments are requested by April 29, 2011

Prepared by the AICPA Peer Review Board for comment from persons interested
in the AICPA Peer Review Program.

Comments should be received by April 29, 2011 and addressed to
Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road, Durham, NC 27707-8110
or PR_expdraft@aicpa.org

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New York, NY 10036-8775*

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Exposure Draft

Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19	8
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January 31, 2011

This exposure draft has been approved for issuance by the AICPA Peer Review Board, and contains proposals for review and comment by the AICPA's membership and other interested parties regarding revisions to the *Standards for Performing and Reporting on Peer Reviews* ("*Standards*").

Written comments or suggestions on any aspect of this exposure draft will be appreciated. To facilitate the Board's consideration, comments or suggestions should refer to the specific paragraphs and include supporting reasons for each comment or suggestion. Please limit your comments to those items presented in the exposure draft. Comments and responses should be sent to Rachelle Drummond, Technical Manager, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 and must be received by April 29, 2011. Electronic submissions of comments or suggestions in Microsoft Word should be sent to PR_expdraft@aicpa.org by April 29, 2011.

Written comments on the exposure draft will become part of the public record of the AICPA Peer Review Program and will be available for public inspection at the offices of the AICPA after April 29, 2011 for a period of one year.

The exposure draft includes an explanatory memorandum of the proposed revisions to the current *Standards*, explanations, background and other pertinent information, as well as marked excerpts from the current *Standards* to allow the reader to see all changes (i.e. items that are being deleted from the *Standards* are struck through, and new items are underlined).

A copy of this exposure draft and the current *Standards* (effective for peer reviews commencing on or after January 1, 2009) are also available on the AICPA Peer Review website at <http://www.aicpa.org/InterestAreas/PeerReview/Pages/PeerReviewHome.aspx>.

Sincerely,

Daniel J. Hevia

Daniel J. Hevia
Chair
AICPA Peer Review Board

**AICPA Peer Review Board
2010-2011**

Daniel J. Hevia, Chair*
Tracey C. Golden, Vice Chair*
Frank Boutillette*
Betty Jo Charles
J. Phillip Coley
Richard DelGaudio
Jake D. Dunton*
Scott W. Frew
G. William Graham*
Jerry W. Hensley

Clayton Lynn Holt
James N. Kennedy
Henry J. Krostich*
John J. Lucas
David J. Moynihan
Stephanie R. Peters
J. Clarke Price
Robert Rohweder
Michael Solakian*
Randy Watson

**Standards Task Force Member*

**Non-PRB Standards Task Force Members
2010-2011**

Jerry Cross

Heather Reimann

AICPA Staff

Susan S. Coffey
Senior Vice President
Member Quality and International Affairs

James Brackens, Jr.
Vice President
Firm Quality & Practice Monitoring

Gary Freundlich
Technical Director
AICPA Peer Review Program

Susan Lieberum
Senior Technical Manager
AICPA Peer Review Program

Fran McClintock
Senior Technical Manager
AICPA Peer Review Program

Rachelle Drummond
Technical Manager
AICPA Peer Review Program

Explanatory Memorandum

Introduction

This memorandum provides background to the proposed revisions to the AICPA *Standards for Performing and Reporting on Peer Reviews* ("Standards"). The proposed revisions are for paragraphs 102, 107, and 108 of the Standards.

Background

In December 2009, the AICPA's Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services (SSARS) No. 19, *Compilation and Review Engagements*. SSARS 19 is effective for compilations and reviews of financial statements for periods ending on or after December 15, 2010. The purpose of SSARS No. 19 was to provide a conceptual underpinning that clarifies performance and reporting standards for compilation and review engagements. Among other items, SSARS No. 19 established enhanced documentation requirements for compilation and review engagements.

Prior to the issuance of SSARS 19, SSARS were silent as to the documentation requirements for compilation engagements. With its issuance, however, accountants are now required to include the following documentation for all compilation engagements:

- The written communication with management establishing an understanding regarding the services to be performed or justification for the lack of written communication and how alternative procedures performed were sufficient.
- Any findings or issues that, in the accountant's judgment, are significant; for example, the results of compilation procedures that indicate that the financial statements could be materially misstated, including actions taken to address such findings, and, to the extent the accountant had any questions or concerns as a result of his or her compilation procedures, how those issues were resolved.
- Communications, whether oral or written, to the appropriate level of management regarding fraud or illegal acts that come to the accountant's attention.

With the issuance of SSARS No. 19, the ARSC recodified AR Section 100, *Compilation and Review of Financial Statements*, into separate AR sections for compilation and review engagements. In addition, SSARS No. 19 superseded AR section 20, *Defining Professional Requirements in Statements on Standards for Accounting and Review Services* and AR section 50, *Standards for Accounting and Review Services*. In place of AR sections 20, 50, and 100, the requirements and guidance were separated into the following sections:

- AR Section 60 - Framework for Performing and Reporting on Compilation and Review Engagements
- AR Section 80 - Compilation of Financial Statements
- AR Section 90 - Review of Financial Statements

Effective Date

The proposed revisions would be effective for peer reviews commencing on or after July 1, 2011.

Changes From Existing Standards

Under current Standards for an Engagement Review, documentation is not reviewed for compilation engagements performed under SSARS. However, paragraph 108d does state that a review captain may request to review all other documentation on compilation engagements performed under SSARS if the firm has represented that the documentation is appropriate but the review captain has cause to believe that the documentation may not have been prepared in

accordance with applicable professional standards, or to support presentation or measurement issues relating to the financial statements or information, if necessary.

The proposed revisions will revise the Standards such that applicable documentation required by professional standards for compilation engagements performed under SSARS, should be reviewed.

Guide for Respondents

Written comments or suggestions on any aspect of this exposure draft will be appreciated. To facilitate the Board's consideration, comments or suggestions should refer to the specific paragraphs and include supporting reasons for each comment or suggestion. Please limit your comments to those items presented in the exposure draft. When a respondent agrees with proposals in the exposure draft, it will be helpful for the PRB to be made aware of this view.

Comments and responses should be sent to Rachelle Drummond, Technical Manager, AICPA Peer Review Program, AICPA, 220 Leigh Farm Road, Durham, NC 27707-8110 and must be received by April 29, 2011. Electronic submissions of comments or suggestions in Microsoft Word should be sent to PR_expdraft@aicpa.org by April 29, 2011.

Written comments on the exposure draft will become part of the public record of the AICPA Peer Review Program and will be available for public inspection at the offices of the AICPA after April 29, 2011 for a period of one year.

Comment Period

The comment period for this exposure draft ends on April 29, 2011.

Exposure Draft

Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19

.102 The objective of an Engagement Review is to evaluate whether engagements submitted for review are performed and reported on in conformity with applicable professional standards in all material respects. An Engagement Review consists of reading the financial statements or information submitted by the reviewed firm and the accountant's report thereon, together with certain background information and representations and, ~~except for compilation engagements performed under SSARS,~~ the applicable documentation required by professional standards.

.107 For each engagement selected for review, the reviewed firm should submit the appropriate financial statements or information and the accountant's report, masking client identity if it desires, along with specified background information, representations about each engagement and, ~~except for compilation engagements performed under SSARS,~~ the firm's documentation required by applicable professional standards for each of these engagements. There is a presumption that all engagements otherwise subject to the peer review will be included in the scope of the review. However, in the rare situations when exclusions or other limitations on the scope of the review are being contemplated, a reviewer should carefully consider the implications of such exclusion. This includes communicating with the firm and the administering entity the effect on the review and on the ability of the reviewer to issue a peer review report.

.108 The evaluation of each engagement submitted for review includes:

- a. Consideration of the financial statements or information and the related accountant's report on the compilation and review engagements performed under SSARS and engagements performed under SSAEs.
- b. Consideration of the documentation on the engagements performed via reviewing background and engagement profile information, representations made by the firm, and inquiries.
- c. ~~For engagements other than compilation engagements performed under SSARS,~~ review Review of all other documentation required by applicable professional standards on the engagements.
- d. ~~The review captain may request to review all other documentation on compilation engagements performed under SSARS if the firm has represented that the documentation is appropriate but the review captain has cause to believe that the documentation may not have been prepared in accordance with applicable professional standards, or to support presentation or measurement issues relating to the financial statements or information, if necessary.~~



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Attachment 2

March 25, 2011

Rachelle Drummond, Technical Manager
AICPA Peer Review Program
American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, NC 27707-8110

Re: Peer Review Exposure Draft, January 31, 2011

Dear Ms. Drummond:

On behalf of the California Board of Accountancy (CBA), I am pleased to support the American Institute of Certified Public Accountants' (AICPA) Exposure Draft titled "Proposed Revisions to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Peer Reviews of Compilations Performed Under SSARS 19."

Thank you for giving the CBA the opportunity to respond to this exposure draft.

Sincerely,

Sarah Anderson, CPA, President

c: Members, California Board of Accountancy



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CBA Agenda Item IX.A.
March 24-25, 2011

DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

DRAFT
3/16/11

MINUTES OF THE
JANUARY 27-28, 2011
CBA MEETING

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999
 Fax: (949) 474-7236

Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:05 p.m. on Thursday, January 27, 2011 at the Crowne Plaza Hotel in Irvine. The CBA members heard Agenda Items I. – II., XII.A. – D., and XIII.A. – E. The meeting adjourned at 5:01 p.m. CBA President Anderson reconvened the meeting to order at 9:04 a.m. on Friday, January 28, 2011. The CBA members convened into executive closed session at 2:52 p.m. to deliberate Agenda Items XI.A. – B. The CBA members then convened into closed session at 3:24 p.m. The meeting reconvened into open session at 3:50 p.m., and the meeting adjourned at 4:30 p.m.

CBA Members

January 27, 2011

Sally Anderson, President	1:05 p.m. to 5:01 p.m.
Marshal Oldman, Vice President	1:07 p.m. to 5:01 p.m.
Leslie LaManna, Secretary-Treasurer	1:05 p.m. to 5:01 p.m.
Diana Bell	1:05 p.m. to 5:01 p.m.
Rudy Bermudez	1:05 p.m. to 5:01 p.m.
Michelle Brough	1:06 p.m. to 5:01 p.m.
Donald Driftmier	Absent.
Herschel Elkins	1:05 p.m. to 5:01 p.m.
Louise Kirkbride	1:05 p.m. to 5:01 p.m.
K.T. Leung	1:04 p.m. to 5:01 p.m.
Manuel Ramirez	1:05 p.m. to 5:01 p.m.
Michael Savoy	1:05 p.m. to 5:01 p.m.
David Swartz	1:05 p.m. to 5:01 p.m.
Lenora Taylor	Absent.

CBA Members

January 28, 2011

Sally Anderson, President	9:04 a.m. to 4:30 p.m.
Marshal Oldman, Vice President	9:04 a.m. to 4:14 p.m.
Leslie LaManna, Secretary-Treasurer	9:04 a.m. to 4:30 p.m.
Diana Bell	9:04 a.m. to 3:45 p.m.
Rudy Bermudez	9:04 a.m. to 11:53 a.m.
Michelle Brough	9:04 a.m. to 4:30 p.m.
Donald Driftmier	9:04 a.m. to 4:30 p.m.
Herschel Elkins	9:04 a.m. to 4:30 p.m.
Louise Kirkbride	9:04 a.m. to 4:30 p.m.
K.T. Leung	9:06 a.m. to 4:30 p.m.
Manuel Ramirez	Absent.
Michael Savoy	9:04 a.m. to 4:30 p.m.
David Swartz	9:04 a.m. to 4:30 p.m.
Lenora Taylor	Absent.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Antoinette Cincotta, Deputy Attorney General, Department of Justice
Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Laura Freedman, Legal Counsel, Department of Consumer Affairs (DCA)
Lauren Hersh, Information and Planning Officer
Rafael Ixta, Chief, Enforcement Division
Nick Ng, Manager, Administration Division
Deanne Pearce, Chief, Licensing Division
Matthew Stanley, Legislation/Regulation Analyst

Committee Chairs and Members

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

Other Participants

Stacey Grooms, National Association of State Boards of Accountancy (NASBA)
David Helphrey, Center for Public Interest Law (CPIL)
Joyce Holbrook, Court Reporter
Ed Howard, CPIL
Jeffrey Kravitz, Counsel for Petitioner
Louis Miramontes, KPMG
Joe Petito, The Accountants Coalition

Gary Porter, Petitioner
Jonathan Ross, The Accountants Coalition
Eric Sawyer, Administrative Law Judge (ALJ)
Kathleen Schmidt, Petitioner
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
James Sharpe, Petitioner
Jeannie Tindel, CalCPA

I. Roll Call and Call to Order.

CBA President Anderson called the meeting to order at 1:05 p.m. on Thursday, January 27, 2011.

Ms. Anderson introduced newly appointed CBA members K.T. Leung and Michael Savoy.

II. Educational Presentation on Accountancy Without Borders.

A. Comprehensive Mobility Timeline.

Mr. Rich provided an overview of the memorandum for this item (**see Attachment ___**).

It was moved by Mr. Ramirez, seconded by Ms. Bell and unanimously carried by those present to admit the Mobility Timeline into the record.

B. Temporary and Incidental Practice.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment ___**).

C. CBA's Practice Privilege Program.

1. Overview of the Practice Privilege Program.

Ms. Walker provided an overview of the memorandum for this item (**see Attachment ___**).

2. Consideration of Options for Reinstating the Safe Harbor Period for Practice Privilege in CBA Regulation Section 30.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment ___**).

Mr. Ramirez inquired if other states require a safe harbor period. Mr. Schultz stated the practice privilege program that was previously in the Uniform Accountancy Act suggested a 30-day period and it is his belief

that most if not all states adopted the 30-day provision. Mr. Schultz stated that at this point, 47 states have passed legislation to do away with practice privilege.

Mr. Ross suggested that the CBA expedite reinstatement of the safe harbor period through emergency regulation.

Mr. Howard stated that the CPIL does not oppose reinstatement of the safe harbor period. Mr. Howard concurred with Mr. Ross regarding the appropriateness of handling this matter via emergency regulation.

It was moved by Mr. Swartz, seconded by Ms. Brough and unanimously carried by those present to reinstate the five-day safe harbor period as long as the practice privilege program is in existence.

It was moved by Mr. Bermudez to make the safe harbor period permanent in regulation. The motion failed due to lack of a second.

Mr. Ramirez suggested that staff review existing regulations to ensure no future lapse in expiration dates. Ms. Bowers stated that this information is available and will be provided to the CBA.

D. Cross Border Practice Legislation.

1. Practice Privilege; SB 1543 (2004), SB 229 (2005), and AB 1868 (2006).
2. Mobility; AB 2473 (2008).
3. Elimination of Pathway 1; SB 819 (2009).

Mr. Stanley provided an overview of the memorandums for agenda items II.D.1. – 3. (**see Attachment ___**).

E. Mobility for California CPAs.

Mr. Howard provided an overview of the CPIL's opinion regarding mobility (**see Attachment ___**).

Mr. Ross stated that there are questions that remain unanswered as a result of the last debate of the legislature. Mr. Ross stated that the national firms are working with CPIL to try and identify information that is available from NASBA and others, and work on an approach to address the concerns that the CPIL has established.

Mr. Ramirez requested that staff gather data regarding other states'

enforcement levels. Mr. Bermudez suggested that the CBA send out a NASBA quick poll to other states to determine enforcement levels.

Ms. LaManna requested that staff research statistics regarding complaints received prior to the prescreening of out-of-state CPAs.

The CBA members discussed the potential loss of the prescreening process and the issues regarding enforcement if the practice privilege program was to be discontinued.

F. NASBA's Concept of Mobility and Other States' Practice.

Ms. Grooms stated a majority of the states have passed some form of mobility. Most states adopt the use of the NASBA substantial equivalency chart to determine each state's degree of substantial equivalency. Ms. Grooms stated that most states have adopted the practice of no notice, no fee, no escape (also referred to as NNN), and other states have adopted quid pro quo, which does not allow the ease of individuals to come into those states if there is no reciprocity.

Ms. Grooms stated that by accepting the use of a list of jurisdictions, you're acknowledging that the initial licensure requirements within that jurisdiction meets standards. Ms. Grooms further stated that this standard is in essence a form of prescreening.

Ms. Grooms acknowledged the CBA's concern regarding enforcement. Ms. Grooms stated that NASBA is aware of the concerns and will be addressing the investigative process at its upcoming conference in March 2011, in San Diego. Ms. Grooms further stated that NASBA has also established an enforcement committee, which may be able to assist the CBA regarding the inquiries on enforcement statistics for other states and best practices.

G. Who, What, Where, and When; Accountancy Licensee Database.

Ms. Grooms provided an overview of this item (**see Attachment ___**).

Mr. Bermudez inquired regarding what information is disclosed to consumers when accessing ALD and if there is a standard of disclosure amongst the states. Ms. Grooms stated that the information disclosed would be specific to what is considered public record in each state.

Ms. Grooms stated that she will provide follow up regarding whether enforcement information available on the board version of ALD versus the public version.

Mr. Ramirez requested follow up regarding the following issues on ALD:

- What is the enforcement size per state?
- What is the reciprocity between states regarding enforcement matters? Mr. Ramirez stated he would like to see what other states have agreed to.
- What information is available for disclosure? Mr. Ramirez stated the California consumers should be able to access the same information on licensees from other states.

CBA members further discussed enforcement issues as they relate to ALD and mobility. Ms. Grooms stated that she will bring information back to address the CBA's issues.

Ms. Anderson requested that a presentation on ALD be provided at a future CBA meeting.

At this time, Ms. Anderson requested public comment.

Mr. Ross presented a handout (**see Attachment ___**) regarding legislative language for temporary and incidental practice.

Mr. Howard stated there is still an outstanding issue regarding the definition of the practice of public accountancy.

Ms. Tindel recommended that the CBA gather data on why out-of-state licensees are practicing in California under practice privilege, to obtain a better understanding of how mobility would benefit and not harm California consumers.

Ms. Anderson requested staff to review the proposed language and provide recommendations on the definition of the practice of public accountancy at a future meeting.

H. California Research Bureau – Accountancy Project.

Mr. Sala provided an overview of this item (**see Attachment ___**).

I. Open Discussion and Identification of Agenda Items for Future CBA Meetings Related to Mobility and Cross Border Practice.

CBA members further discussed this matter and concurred that there is not sufficient information at this time to make a decision. The CBA assigned staff to research and address concerns raised during discussion and report back at a future meeting.

CBA members then heard agenda items XIII.A. – D. Adoption of Minutes.

It was moved by Mr. Elkins, seconded by Mr. Bermudez and

**unanimously carried by those present to approve agenda items
XIII.A.-D.**

III. Public Comments.

No public comments were received.

IV. Roll Call and Call to Order.

CBA President Anderson called the meeting to order at 9:04 a.m. on Friday, January 28, 2011.

V. Report of the President.

A. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment __**).

Ms. Anderson inquired regarding statistics and why there are so few firms that have reported on peer review. Mr. Ixta stated this is a new process and a rush in reporting is anticipated by July 1, 2011.

B. Resolutions for Retiring CBA Members.

It was moved by Mr. Swartz, seconded by Mr. Driftmier and unanimously carried by those present to adopt the resolutions for retiring CBA members Angela Chi and Robert Petersen.

C. Announcement of New Committee and Liaison Appointments.

No comments were received for this item.

D. Discussion on Amendments to the CBA Guidelines and Procedures Manual.

Ms. Daniel provided an overview of the memorandum for this item (**see Attachment __**).

It was moved by Ms. Bell, seconded by Mr. Bermudez and unanimously carried by those present to adopt the amendments to the CBA Member Guidelines and Procedures Manual.

VI. Report of the Vice President.

A. Resolution for Retiring Enforcement Advisory Committee (EAC) Member.

It was moved by Mr. Oldman, seconded by Mr. Driftmier and

unanimously carried by those present to adopt the resolution for retiring EAC member Ed Beranek.

B. Recommendation for Appointments to the EAC.

There was no report for this item.

VII. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

Ms. LaManna provided an overview of the memorandum for this item (**see Attachment __**).

Mr. Bermudez inquired regarding the two and a half positions that were approved and if those positions could be used to assist with the enforcement backlog. Ms. Bowers stated that the hiring freeze is still in effect and limits the CBA from filling any vacant positions.

CBA members discussed the issue of not being able to spend money from the reserve fund towards its enforcement needs. Due to this issue, the CBA is facing an increasing backlog of investigative cases and consumer protection is at risk.

CBA members then heard agenda item VIII.B.1. – Update on Hiring Freeze.

Mr. Stiger stated that the DCA continued with the hiring freeze, even though the executive order expired with the departure of Governor Schwarzenegger. Mr. Stiger stated that it is expected that Governor Brown will implement a similar executive order in the weeks to come.

Mr. Swartz inquired if the DCA could work with the Governor towards allowing independent boards to function independently. Mr. Stiger stated that he spoke with Governor Brown's team on the issue regarding the difference between special funds and general funds, and the Governor is aware of the situation. Mr. Stiger further stated that he is in support of the CBA's request regarding this matter.

B. Repayment Schedule for Loans to the General Fund.

Mr. Rich provided an overview of the memorandum for this item (**see Attachment __**).

Ms. Anderson stated it is much more impactful that there is a hiring freeze in effect than the issue of having excess funds.

Mr. Oldman commented that the notice of the \$10 million loan came

immediately after the CBA made notice to reduce its licensing renewal fees. Mr. Oldman stated that if the CBA does not receive repayment of the loan in the next fiscal year and were to fill all vacant positions, the CBA would need to utilize its reserve funds and would likely run out of money.

Ms. Bowers stated that there are other deficiencies within the enforcement program regarding proactive enforcement in the areas of continuing education compliance, probation monitoring, and unlicensed activity. Ms. Bowers stated the CBA has submitted a request for additional staffing for the proactive enforcement. Ms. Bowers further stated that staff is doing the best it can until the positions can be filled.

Mr. Swartz stated that the draft letter to Director Stiger should be focused on the hiring issues and not the issue of loan repayment.

It was moved by Mr. Driftmier, and seconded by Mr. Bermudez to approve the draft letter regarding the loans and to deliver a separate formal letter regarding staffing with CBA member's comments. This motion was later withdrawn.

Ms. Anderson requested that staff provide a summary regarding the risk in the enforcement unit due to its limited resources.

Mr. Bermudez suggested sending a letter regarding staffing to the Governor's Office, the Department of Finance (DOF), and leaders of the Senate and Assembly.

Ms. Bell expressed concern with the CBA creating the impression that everything is falling apart. Ms. Brough concurred with Ms. Bell and stated that there needs to be balance. Ms. Brough further stated that she is in favor of sending the letter to the legislature.

Mr. Oldman suggested that the staffing letter should initially be sent to Director Stiger in advance of addressing the issue with the legislature. Ms. Kirkbride concurred with Mr. Oldman.

Ms. Wortman stated the DOF has made a commitment to repay loans; however, the legislative analyst is recommending pushing back the repayment for one year. Ms. Wortman stated that the current funding of the CBA can be handled even without the repayment of the loan. Ms. Wortman further stated that she has seen loans repaid in matters of critical situations.

Ms. Bowers stated that staff is doing a fantastic job with its available resources. Ms. Bowers stated she would not recommend sending a message of crisis, but with the limited resources, staff is spread thin.

Mr. Stiger stated that this is a resource issue and suggested the CBA send a letter to him, detailing the issues and he will commit to bringing this matter before the Governor's Office.

It was moved by Mr. Driftmier and seconded by Mr. Bermudez to approve the first letter regarding the repayment of loans and to allow the Executive Officer to draft a second letter regarding staffing issues to Director Stiger. Mr. Driftmier later withdrew this motion.

It was moved by Mr. Driftmier and seconded by Mr. Bermudez to send the letter regarding the loans to the General Fund. Ms. Anderson, Ms. LaManna, Ms. Bell, Ms. Brough, Mr. Elkins, Ms. Kirkbride, Mr. Leung, Mr. Savoy, and Mr. Swartz were opposed. The motion failed.

It was moved by Mr. Elkins, seconded by Mr. Bermudez and unanimously carried by those present to allow the CBA President to approve and send a letter regarding the CBA's staffing issues to Director Stiger.

It was moved by Mr. Swartz, seconded by Ms. Kirkbride and unanimously carried by those present to approve the letter regarding loans to the General Fund, and to authorize the CBA President to send the letter at a later date.

VIII. Report of the Executive Officer.

A. Update on 2010/2012 CBA Communications and Outreach Plan.

Ms. Hersh provided an overview of the memorandum for this item (**see Attachment ___**).

Ms. Bowers requested that CBA members report any outreach activities for tracking purposes and to ensure that staff is involved in the presentation process. Ms. Bowers further stated that staff members are available to serve as resources in handling specific program questions.

B. DCA Director's Report.

1. Update on Hiring Freeze.

This item was previously heard after agenda item VII.A.

2. Performance Measures.

Mr. Stiger stated that all boards and bureaus performance measures are posted on the home page of the DCA Web site. Mr. Stiger noted that the Senate B&P Committee has taken an interest in the

performance measures.

3. Update on BreEze.

Mr. Stiger stated the BreEZe program is on pace to have the first phase roll out in December 2012.

4. Expert Consultants.

Mr. Stiger stated that the process for contracting expert consultants is being updated to better protect the program and the consultant.

5. \$1 Million CBA Budget Reduction (BCP).

Ms. Wortman stated that the next step regarding the BCPs for two and a half positions is to go through the legislative hearings. Ms. Wortman stated the legislative analyst is recommending rejection of the BCP to add one position for the peer review program as a permanent position. Ms. Wortman further stated that DCA is in discussions with both the Assembly and Senate budget consultants and it sounds like they are willing to fund the proposal on a two-year limited basis.

Ms. Bowers stated the position would be responsible for clerical duties in the peer review program. Ms. Bowers stated the DCA is urging boards and bureaus to move towards having more duties handled electronically. Ms. Bowers further stated the staff supports the idea of automation.

6. \$10 Million Loan to the General Fund.

Ms. Wortman stated the CBA's proposal to reduce fees will allow a better opportunity for the loans to be repaid.

C. Consideration of Revised Legislative Language to Extend the Sunset Date on Peer Review.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment ___**).

It was moved by Mr. Elkins, seconded by Mr. Bermudez and unanimously carried by those present to adopt the revised language to extend the sunset date on peer review.

D. Amendments to the Bagley Keene Open Meeting Act.

Ms. Bowers introduced Laura Freedman, from the DCA Legal Office, who is attending this meeting. Ms. Bowers further stated that Lavonne Powell has accepted another assignment and the new permanent legal counsel

will be introduced at the March CBA meeting.

Ms. Freedman stated that there are two minor amendments to the Bagley Keene Open Meeting Act. The first is regarding the use of electronic devices in meetings, to prohibit board members from contacting each other and creating serial meetings. The second amendment is to incorporate language into meeting agendas regarding the use of webcasting to allow meetings to continue in the event of technical difficulties.

E. Update on Current Projects List (Written Report Only).

There were no comments received for this item.

IX. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of the memorandum for this item (**see Attachment ___**).

Ms. Bell stated that she is in favor of the new report format.

B. Discussion on International Delivery of the Uniform CPA Examination.

Ms. Pearce provided an overview of the memorandum for this item (**see Attachment ___**).

CBA members discussed the concerns regarding security, the benefits to the consumers of California, enforcement, and residency issues.

Ms. Anderson stated that she would like to see the matter addressed at the March 2011 CBA meeting along with the topic of residency.

Ms. Pearce stated that staff has conducted preliminary research regarding the residency issue, and if the CBA were to adopt a change, it would likely need to be accomplished legislatively.

Ms. Anderson stated there is not enough information at this point to make an informed decision and requested for staff to provide more background information regarding this matter.

It was consensus of the CBA to defer deliberation on this matter to the March 2011 CBA meeting.

X. Report of the Enforcement Chief.

A. Enforcement Case Activity and Status Report.

- B. Aging Inventory Report.
- C. Report on Citations and Fines.
- D. Reportable Events Report.

Mr. Ixta provided an overview of the reports for items X.A. – D. (**see Attachment ___**).

Mr. Swartz inquired regarding how many major cases were pending. Mr. Ixta stated there is no major case program and that all cases are treated the same.

XI. Petitions, Stipulations, and Proposed Decisions [Closed Session Government Code Section 11126(c)(3)]. Petition Hearings are Public Before the CBA with a Subsequent Closed Session.

A. Kathleen M. Schmidt – Petition for Reinstatement of Revoked Certificate.

Ms. Schmidt appeared before the CBA members to petition for reinstatement of her revoked certificate.

ALJ Sawyer and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Sawyer will prepare the decision.

B. James D. Sharpe – Petition for Reinstatement of Revoked Certificate.

Mr. Sharpe appeared before the CBA members to petition for reinstatement of his revoked certificate.

ALJ Sawyer and the CBA members heard the petition and convened into executive closed session to deliberate the matter. ALJ Sawyer will prepare the decision.

XII. Committee and Task Force Reports.

A. Enforcement Program Oversight Committee (EPOC).

There was no report for this item.

B. Committee on Professional Conduct (CPC).

There was no report for this item.

C. Legislative Committee (LC).

There was no report for this item.

D. Accounting Education Committee (AEC).

There was no report for this item.

E. Ethics Curriculum Committee (ECC).

1. Report of the January 26, 2011 ECC Meeting.

Mr. Driftmier stated the ECC met to continue its efforts as set forth by SB 819. Mr. Driftmier further stated the ECC created a sub-committee of two members to meet with staff and fine-tune some of the details.

Ms. Anderson commended Mr. Driftmier for his efforts on the ECC.

2. Proposed 2011 ECC Meeting Dates.

It was moved by Mr. Driftmier, seconded by Mr. Oldman and unanimously carried to approve the 2011 ECC meeting dates.

F. Peer Review Oversight Committee (PROC).

1. Report of the January 20, 2011 PROC Meeting.

Ms. Corrigan stated the PROC is working on developing a mission for the committee and determining the best way to accomplish its goals and objectives. Ms. Corrigan stated the PROC also discussed preparing an operating manual such as other CBA committees. Ms. Corrigan further stated the PROC adopted formal meeting dates for 2011 and requested the CBA's acceptance of the dates.

It was moved by Mr. Swartz, seconded by Mr. Elkins and unanimously carried to approve the 2011 PROC meeting dates.

2. AICPA Peer Review Exposure Draft, June 1, 2010.

It was moved by Mr. Driftmier, seconded by Ms. Bell and unanimously carried to approve the PROC's responses to the AICPA peer review exposure draft.

G. Enforcement Advisory Committee (EAC).

Report of the November 4, 2010 EAC Meeting.

Ms. Gerhardt stated that there were three investigative hearings at the EAC meeting, one was referred for additional investigation, one required additional investigation and was to be referred to the Attorney General's

(AG) Office, and one was referred to the AG's Office. Ms. Gerhardt stated the EAC reviewed 13 closed files and concurred with staff's recommendations. Ms. Gerhardt further stated the EAC's next meeting is scheduled for February 4, 2011, at the Crowne Plaza in Los Angeles.

Mr. Oldman inquired regarding the status of recruitment for the EAC. Ms. Gerhardt stated there is one EAC member who was appointed by the CBA at its November 2010 meeting; however, the appointment is on hold due to the hiring freeze.

H. Qualifications Committee (QC).

1. Report of the January 26, 2011 QC Meeting.

Ms. Pearce stated that at the QC meeting there were five appearances; four were approved, and one was not approved. Ms. Pearce stated the QC discussed Section 37 of the CBA Regulations, which addresses reissuance requirements. Ms. Pearce further stated the QC will again be discussing this topic at its April 2011 meeting.

2. Proposed 2011 QC Meeting Dates.

It was moved by Mr. Oldman, seconded by Ms. LaManna and unanimously carried by those present to approve the 2011 QC meeting dates.

XIII. Adoption of Minutes

- A. Draft Minutes of the September 22-23, 2010 CBA Meeting.
- B. Draft Minutes of the November 17-18, 2010 CBA Meeting.
- C. Draft Minutes of the July 29, 2010 QC Meeting.
- D. Draft Minutes of the September 21, 2010 ECC Meeting.
- E. Draft Minutes of the November 9, 2010 PROC Meeting.

Agenda items XIII.A. – E. was previously heard after agenda item II.E.

XIV. Other Business.

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

Mr. Driftmier stated as previously mentioned, the AICPA is focused on the iExam. Mr. Driftmier stated that information regarding International Financial Reporting Standards (IFRS) has been incorporated into the

exam. Mr. Driftmier further stated that he is no longer a member of this committee and urged CBA members to volunteer so that California may be represented.

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

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

Ms. Bowers stated that the ALD has not met and the next meeting is scheduled to take place in March 2011, in San Diego.

b. Board Relevance & Effectiveness Committee.

There was no report for this item.

c. Global Strategies Committee.

There was no report for this item.

d. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated there will be a white paper issued by the UAA within the next month or two regarding firm names and he will provide an update to the CBA.

e. UAA Mobility Implementation.

There was no report for this item.

2. Discussion of Exposure Draft Regarding UAA Section 3 and UAA Rules Article 14.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment ___**).

No action was taking regarding this item as the CBA did not wish to pursue the matter at this time.

XV. Closing Business.

A. CBA Member Comments.

Mr. Swartz inquired regarding the status of defining supervision and general accounting experience. Mr. Stanley stated that the definition of supervision along with the incorporation of disciplinary guidelines was combined into one rulemaking. Ms. Pearce stated the CPC previously

made a recommendation to the CBA to not take any further steps to define general accounting experience.

Mr. Swartz inquired regarding the status of the definition of the practice of public accountancy. Ms. Bowers stated that this topic will be covered at a future meeting.

B. Comments from Professional Societies.

On behalf of CalCPA, Mr. Schultz welcomed Mr. Leung and Mr. Savoy to the CBA.

C. Public Comments.

No comments were received for this item.

D. Agenda Items for Future CBA Meetings.

Mr. Swartz suggested a future agenda item to address statistics on whether practitioners under the practice privilege program are servicing California consumers.

E. Press Release Focus.

Recent Press Releases.

No comments were received for this item.

XVI. Adjournment.

President Anderson adjourned the meeting at 4:30 p.m. on Friday, January 28, 2011.

Sally Anderson, President

Leslie LaManna, Secretary-Treasurer

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



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CBA Agenda Item IX.B.
March 24-25, 2011

**COMMITTEE ON PROFESSIONAL CONDUCT
 MINUTES OF THE MEETING**

DRAFT

November 17, 2010

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999

CALL TO ORDER

Leslie LaManna, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 9:53 a.m. Ms. LaManna indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

Present

Leslie LaManna, Chair
 Sally Anderson
 Michelle Brough
 Don Driftmier
 Herschel Elkins

CBA Members Observing

Rudy Bermudez
 Bob Petersen
 Lenora Taylor

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Information Technology
 Veronica Daniel, Executive Analyst
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Manager, Renewal and Continuing Competency (RCC) Unit
 Lauren Hersh, Information and Planning Officer
 Rafael Ixta, Chief, Enforcement Division

Vincent Johnston, Special Projects Analyst
LaVonne Powell, Legal Counsel, Department of Consumer Affairs (DCA)
Deanne Pearce, Chief, Licensing Division
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Fausto Hinojosa, QC Chair
Joe Petito
Jonathan Ross, E&Y PWC, D&T, GT, KPMG
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA

- I. Draft Minutes of the September 22, 2010, CPC Meeting.

It was moved by Ms. Anderson, seconded by Mr. Elkins, and carried to approve the draft minutes of the September 22, 2010, CPC meeting. Ms. Brough abstained.

- II. Discussion on Whether the Existence of Liability Insurance Should be a Mitigating Factor in Enforcement Actions.

Mr. Ixta explained the law as it applies to liability insurance and how the Enforcement Division takes restitution into consideration when recommending disciplinary actions.

The CPC discussed the benefits and pitfalls of requiring liability insurance or making possession of liability insurance a specific mitigating factor in law. The CPC took no action on the item.

- III. Comments from Members of the Public.

No comments were received.

- IV. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 10:03 a.m.



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LC Agenda Item I.
March 24, 2011

CBA Agenda Item IX.D.
March 24-25, 2011

**LEGISLATIVE COMMITTEE
 MINUTES OF THE MEETING**

DRAFT

November 17, 2010

Crowne Plaza Irvine
 17941 Von Karman Ave.
 Irvine, CA 92614
 Telephone: (949) 863-1999

CALL TO ORDER

Michelle Brough, Chair, called the meeting of the Legislative Committee (LC) to order at 9:18 a.m. Ms. Brough indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full California Board of Accountancy (CBA) are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

Present:

Michelle Brough, Chair
 Sally Anderson
 Rudy Bermudez
 Lenora Taylor

CBA Members Observing:

Donald Driftmier
 Herschel Elkins
 Leslie LaManna
 Bob Petersen

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Dan Rich, Assistant Executive Officer
 Rich Andres, Information Technology
 Veronica Daniel, Executive Analyst
 Paul Fisher, Supervising Investigative CPA
 Dominic Franzella, Manager, Renewal and Continuing Competency (RCC) Unit
 Lauren Hersh, Information and Planning Officer
 Rafael Ixta, Chief, Enforcement Division

Vincent Johnston, Special Projects Analyst
LaVonne Powell, Legal Counsel, Department of Consumer Affairs (DCA)
Deanne Pearce, Chief, Licensing Division
Michele Santage, Enforcement Analyst
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Fausto Hinojosa, QC Chair
Joe Petito
Jonathan Ross, E&Y PWC, D&T, GT, KPMG
Hal Schultz, CalCPA
Jeannie Tindel, CalCPA

I. Update on Bills on Which the CBA Has Taken a Position.

Mr. Stanley gave a written summary of the final status of the bills and informed the LC Members of the meaning of the terms, “Chaptered” and “Vetoed.”

II. Proposed Legislation- Retirement Status.

Mr. Stanley indicated that the proposal was permissive in nature with some limits to ensure consumer protection. He also indicated that it allows for fees to be charged for applying for retired status and for restoring a retired license back to an active status.

Ms. Powell expressed concern over setting an age limit.

Ms. Anderson expressed her desire to leave it in and see what the Legislature would do with it.

It was moved by Mr. Bermudez, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA sponsor this legislative proposal.

III. Proposed Legislation- Restatements.

Mr. Stanley explained that this proposal was a result of interested parties working together. It does not eliminate restatements altogether, but it does reduce the number dramatically.

Ms. Anderson expressed her desire to eliminate them all as these restatements have not shown to be beneficial.

Ms. Brough asked that a statement be added to also exempt any restatement that is due solely to a change in law, rule, regulation or standard.

It was moved by Ms. Brough, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA sponsor this legislative proposal with the suggested change.

IV. Proposed Legislation- Peer Review Sunset Extension

Mr. Stanley indicated that this proposal would extend the peer review sunset date and reporting date by three years.

It was moved by Mr. Bermudez, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA sponsor this legislative proposal.

V. Proposed Legislation- Webcast Exemption

Mr. Stanley stated that this proposal would exempt specific CBA meetings from being webcast. The CBA would not be allowed to discuss policy or vote on any items at a meeting that was not webcast.

Ms. Brough inquired as to what would constitute public policy and what would not. Mr. Stanley replied that things such as team-building, training, and personnel matters are not public policy.

Mr. Anderson stated her belief that public policy may be too broad.

The LC attempted to narrow that language. After discussing, it requested that staff move forward with the language and work with legal counsel as the bill progresses to narrow it further as needed.

It was moved by Mr. Bermudez, seconded by Ms. Anderson, and carried unanimously that the LC recommend that the CBA sponsor this legislative proposal.

VI. Proposed Legislation- Loans to the General Fund

Mr. Stanley indicated that the proposal is modeled on the Medical Board's existing law. He stated that Legislative Counsel had indicated that this proposal would not be enforceable as the Legislature could ignore it at any time by passing a bill that borrows the funds due to the fact that the more recent of two parts of law supersedes the older part.

Ms. Taylor stated that the language had helped the Medical Board in court.

It was moved by Mr. Bermudez, seconded by Ms. Taylor, and carried unanimously that the LC recommend that the CBA sponsor this legislative proposal.

VII. Comments from Members of the Public.

No comments were received.

VIII. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 9:48 a.m.



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DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY

CBA Agenda Item IX.E.
March 24-25, 2011

Draft

MINUTES OF THE
September 3, 2010
ACCOUNTING EDUCATION COMMITTEE (AEC) MEETING

Draft

California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
 Telephone: (916) 263-3680

ROLL CALL AND CALL TO ORDER.

Acting Chair Donald Driftmier, called the meeting of the AEC to order at 10:20 a.m. on Friday, September 3, 2010 at the California Board of Accountancy (CBA) office. Mr. Driftmier indicated that to ensure compliance with the Bagley-Keene Open Meeting Act, Section 11122.5(c)(6), if a majority of members of the full CBA are present at a committee meeting, members who are not members of that committee may attend the meeting only as observers. CBA members who are not committee members may not sit at the table with the committee, and they may not participate in the meeting by making statements or by asking questions of any committee members.

AEC Members

Ruben Davila, Chair	Not Present
Donald Driftmier, CBA Member	10:20 a.m. to 11:42 p.m.
Sherry Anderson	10:20 a.m. to 11:42 p.m.
Betty Chavis	10:20 a.m. to 11:42 p.m.
Thomas Dalton	10:20 a.m. to 11:42 p.m.
Michael Moore	10:20 a.m. to 11:42 p.m.
Gary Pieroni	Not Present
Sara Seyedin	Not Present
Xiaoli "Charlie" Yuan	Not Present

Staff and Legal Counsel

Rich Andres, Information Technology Staff
 Patti Bowers, Executive Officer
 Cindi Fuller, Licensing Coordinator
 Dominic Franzella, Manager, Licensing
 Deanne Pearce, Chief, Licensing Division
 Jenny Sheldon, Licensing Coordinator
 Matthew Stanley, Legislation/Regulation Analyst

Other Participants

Allyson Hill, KPMG LLP
 Ed Howard, CPIL
 Molly Isbell, KP Public Affairs
 Pilar Oñate-Quintana, KP Public Affairs
 Hal Schultz, CalCPA
 Jeannie Tindel, CalCPA

- II. Approve Minutes of the June 23, 2010 AEC Meeting.

It was moved by Mr. Moore, seconded by Ms. Chavis, and unanimously carried by those present to approve the minutes (Attachment #1).

- III. Information on the Acceptance of Units Earned at University or College Extension Programs.

Ms. Pearce provided an oral report for this item. Ms. Pearce stated that staff are working on this item with legal counsel and will report back once more information becomes available.

- IV. Consideration of Draft Regulatory Language for the 20 Units of Accounting Study.

Mr. Franzella presented the memorandum for this agenda item (**Attachment #2**). Mr. Franzella reported that at the June 23, 2010 AEC meeting, members came to a general consensus for a broad framework for the 20 units of accounting study. This framework required the 20 units to be completed at the upper division level or higher, a minimum of six units to be completed in accounting subjects as presently defined in CBA Regulations, a maximum of 14 units to be completed in business-related subjects as presently defined in CBA Regulations or other academic work relevant to accounting and business, and no more than four units to be completed in internships or independent study.

The framework also included a recommendation that completion of a Master's Degree in accounting or taxation should be deemed to fulfill the education requirements. Mr. Franzella reported that staff was advised by legal counsel this recommendation over stepped the statutory authority. Mr. Franzella noted the AEC could still make this recommendation to the CBA, but it would require a statutory change.

Mr. Franzella presented draft regulatory language based on the framework and definitions provided by the AEC and identified issues for consideration to the AEC with the broad subject areas presently proposed in the definition of other academic coursework relevant to accounting and business.

Members discussed the draft language and came to a consensus that creating a subcommittee of two members to meet with CBA staff to refine the draft regulatory language would be beneficial. The subcommittee will be comprised of Mr. Davila and Mr. Moore.

Mr. Howard provided extensive comments regarding his belief that the draft regulatory language is unlawful and potentially overly burdensome to students. Mr. Howard outlined three specific items of contention with the present draft – it allows courses that have no relationship to accounting or accounting practice; requires courses be completed at the upper division level or higher which would

be overly burdensome to economically disadvantaged students; and requires applicants to prove that a particular course relates to enhancing his or her skills as a CPA thereby placing applicants in an unfair position.

Mr. Howard made three suggestions – require the 20 units of accounting study be completed in business-related subjects as presently defined in CBA Regulations; describe in words the kind of skills that a CPA student should obtain from a course to limit over-inclusiveness; or isolate department-like words that are less obviously related to accounting and refine them with skills-emphasizing language.

Additionally, Mr. Howard expressed concern with staff counsel's opinion that the statute is insufficiently flexible to permit a Master's Degree in accounting or taxation to qualify as meeting the 20 units of accounting study. A full account of Mr. Howard's comments can be found in **Attachment #3**.

Mr. Driftmier stated that the idea of relevance is key because relevance will differ between types of practice and also the size of a firm. Mr. Moore indicated a need to strike a balance between the knowledge and skill set required for licensing and additional skills specific to types of industry such as biology and medicine.

Mr. Schultz referenced the August 4, 2010 public comment letter from the California Society of Certified Public Accountants' (CalCPA) Accounting Education Committee expressing agreement that 20 units of accounting study should be completed at the upper division level or higher. Mr. Schultz also expressed his belief that many upper division classes have lower division pre-requisites and that, in certain cases, the lower division class may deal more specifically with the kind of understandings that would be useful to a CPA candidate and that upper division classes may be more narrowly focused than what is necessary.

Mr. Schultz further stated that there are three E's for licensing – practical experience, the CPA exam, and a university education. The purpose of the exam is to measure the candidate's knowledge of what would be required to perform the tasks likely to be encountered in the first two years in the practice of public accounting. The reason for a college education is to create a person who is prepared for life-long learning and provide tools to be able to respond to those challenges. Therefore, education should be something much broader than what is tested by the CPA exam. If both education and the CPA exam are designed to prepare the entry-level person then the work is duplicative. Mr. Schultz stated that he is very in favor of allowing an appropriate masters degree to qualify for meeting the 20 units of accounting study for licensure and also expressed hope that the course requirements will reach beyond just business courses and add more flexibility.

Mr. Dalton stated that he is in favor of keeping the subject areas listed in the draft regulatory language under other academic work relevant to accounting and business but is not opposed to placing a unit limitation of specific subjects. Ms. Chavis stated that she is mostly opposed to placing limits on the number of units that can be completed in each of the identified subject areas.

V. Discussion Regarding the Impact on Applicants Completing Education at Universities or Colleges Outside California.

Ms. Sheldon presented the memorandum for this agenda item (**Attachment #4**). Ms. Sheldon reported that the new 20 units of accounting study would impact applicants for an initial CPA license and applicants who have been licensed in another state for less than four years. She noted staff identified 22 states in which applicants are likely to meet the education requirements for licensure in California by fulfilling the education requirements for licensure in the state where the applicant completed the education. For the remaining states, staff will provide outreach to make them aware of the upcoming education changes for California in the hope that the information will be shared with students.

VI. Discussion on Plan to Circulate Proposed Regulatory Language for the 20 Units of Accounting Study to Affected Stakeholders for Possible Input.

Ms. Pearce presented the memorandum for this agenda item (**Attachment #5**). This agenda item was prepared in response to members' request to circulate draft regulatory language to stakeholders prior to making a formal recommendation to the CBA. Ms. Pearce presented staff's recommendation that the draft language with a cover letter be sent to the CBA's interested parties list, including California colleges and universities, and a sampling of colleges and universities from neighboring states and those states with substantially different education requirements.

VII. Future Agenda Items and Meeting Dates.

Staff reminded members that CBA staff are unable to meet the second, third, and fourth Friday of each month. Ms. Bowers asked that members keep the first Friday of each month open for future meeting dates.

VIII. Public Comments

The CBA received a written comment on behalf of the AEC from CalCPA (**Attachment #8**).

No further public comments were received.

ADJOURNMENT.

There being no further business to be conducted, the meeting was adjourned at 11:42 a.m. on Friday, September 3, 2010.

Donald Driftmier, Acting Chair

Ruben Davila, Chair

Prepared by Jenny Sheldon, Licensing Coordinator.

Memorandum

CBA Agenda Item X.B.2.
March 24 – 25, 2011

To : CBA Members

Date : February 17, 2011

Telephone : (916) 561-1713

Facsimile : (916) 263-3675

E-mail : drich@cba.ca.gov

From : Daniel Rich
Assistant Executive Officer

Subject : Proposed Responses to NASBA Focus Questions

Attached for your information are draft responses to NASBA Regional Directors' Focus Questions, which were issued on January 21, 2011. These responses have been prepared for Laurie Tish, Pacific Regional Director and are due to Ms. Tish by April 12, 2011.

Staff has been informed that the quarterly Focus Questions are used to help NASBA regional directors stay apprised of each state's policies and procedures, and to see where improvements or adjustments might be made. The eight regional directors review the states' answers and then present their findings to NASBA.

Draft responses to the Focus Questions were prepared by CBA staff from the Enforcement, Licensing and Administration Divisions. Staff will be available at the March 2011 CBA meeting to answer any questions you may have, and to revise these responses based on any direction you might provide.

Attachment

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.

MEMORANDUM

January 21, 2011

To: State Board Chairs and Executive Directors
From: Kenneth R. Odom - Chair, Committee on Relations with Member Boards
Re: Focus Questions

As Chair of the Committee on Relations with Member Boards, I encourage you to support your executive director's and legal counsel's attendance at NASBA's conferences for them in March. If your Board does not have funding to permit their attendance, NASBA will supply a scholarship for them. Contact tkenny@nasba.org for scholarship information. Similarly, we hope that you plan to attend our June Regional Meetings to continue to share your thoughts with us there. As NASBA would like all Boards to be represented at a Regional Meeting, a scholarship for one Board member to attend will be provided by NASBA if no state funds are available. Please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider.

Sincerely,

Ken Odom

Central Director – Telford A. Lodden Fax: (515) 223-8778 Phone: (515) 223-7300
tal@brookslodden.com

Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota

Great Lakes Director – Kim Tredinnick Fax: (608) 249-1411 Phone: (608) 240-2318
ktredinnick@virchowkrause.com

Illinois, Indiana, Michigan, Ohio, Pennsylvania, Wisconsin

Middle Atlantic Director – Miley (“Bucky”) W. Glover Fax: (704) 289-3439 Phone: (704) 283-8189

bglover@gotopotter.com

DC, Delaware, Maryland, North Carolina, South Carolina, Virginia, West Virginia

Mountain Director – Karen F. Turner Phone: (970) 351-1216 karen.turner@unco.edu

Colorado, Idaho, Montana, Nevada, Utah, Wyoming

Northeast Director – Jefferson Chickering Phone: (603) 620-1961 jeffchickering@msn.com

Conn., Maine, Mass., New Hampshire, New Jersey, New York, Rhode Island, Vermont

Pacific Director – Laurie J. Tish Fax: (206)622-9975 Phone: (206)302-6466
laurie.tish@mossadams.com

Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington

Southeast Director – Kenneth R. Odom Fax: (334) 222-9125 Phone: (334) 222-4101
kodom@ro-cpa.com

Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands

Southwest Director – Janice L. Gray Fax: (405) 364-3771 Phone: (405) 360-360-5533
ext.103 janiceg@cpagray.com

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

REGIONAL DIRECTORS' FOCUS QUESTIONS

The input received from our focus questions is reviewed by all members of NASBA's Board of Directors, committee chairs and executive staff and used to guide their actions. We encourage you to place the following questions early on the agenda of your next board meeting to allow for sufficient time for discussion. Please send your Board's responses to your Regional Director by April 12, 2011. Use additional sheets for your responses if needed.

JURISDICTION: California

DATE: February 9, 2011

NAME OF PERSON SUBMITTING FORM: Dan Rich

- 1. (a) If your state allows licensing of foreign-based firms (located outside the United States), please describe any challenges you have in monitoring and disciplining those firms. (b) If your state does not allow licensing of foreign-based firms, do you contemplate changing your statute or rules in the future?**

The California Board of Accountancy (CBA) has limited experience in monitoring and disciplining foreign-based firms (located outside the US). Our records indicate the licensing of one such firm in 1975. However, the license was cancelled in 2009. A license is canceled if not renewed within five years following its expiration date. A licensee with a canceled license may reapply as a new applicant and meet the current requirements for approval. Upon approval, a new CPA license number is issued. Further our records do not indicate any discipline for the firm.

- 2. Section 209 of the Sarbanes-Oxley Act says that State regulators supervising CPA firms which are not registered with the PCAOB "should make an independent determination of the proper standards applicable, particularly taking into consideration the size and nature of the business of the accounting firms they supervise and the size and nature of the business of the clients of those firms." Has your Board considered its responsibility under Section 209, particularly in light of the recent Dodd-Frank Act that gives the PCAOB inspection authority over broker-dealers (which are mostly private companies)?**

The CBA's practice is to make an independent determination of the proper applicable standards for the engagement that was performed. This procedure is detailed in the CBA's Enforcement Division's Investigative Procedures Manual. The Investigative Procedural Manual requires staff to "Identify/overview the pertinent standards of practice (i.e., SAS, FASB's, APB's, ARB's, SEC reporting requirements, industry/government auditing requirements)".

- 3. What is your Board doing to inform the citizens of your state of the responsibility, capability and availability of your Board to address complaints against CPAs?**

The CBA has a multi-pronged approach to outreach, using multiple communications platforms (Web site, social media, e-mail news subscriptions, newsletters, brochures, earned media, and radio) to make Californians aware of the CBA and its role as a regulatory agency in consumer protection and enforcement. All of the communications deliver varying levels of information, but all also direct the public to the CBA's Web site for further information. The Web site includes a prominently displayed Consumer section, which explains the complaint process and assists those wishing to file a complaint. The front page also features License Lookup, in which the public may search by name or license number for accusations or disciplinary actions taken against a licensee. Enforcement actions are also printed in the

JURISDICTION: California

CBA's tri-annual UPDATE newsletter, sent to every licensee and available on the Web site. Press releases regarding new enforcement actions are sent to local and statewide media and posted on the CBA's Web site. Contact information for mail and telephone correspondence is also provided.

4. Has your Board discussed the UAA Exposure Draft on CPA firm names and do you anticipate it will lead to modifications of your state's current rules?

The CBA discussed this exposure draft at its January 2011 meeting. Following the discussion, it was determined that no changes would be made to California law at this time.

5. What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?

Defining Supervision

The CBA recently took action to amend Section 12 and 12.5 of the CBA's Regulations relating to defining supervision. The amended language will require that applicants for CPA licensure complete qualifying experience which is reviewed and evaluated by the supervisor on a routine and recurring basis and that the supervisor have authority and oversight over the applicant. The CBA has begun the rulemaking process and will hold a regulation hearing at the May, 2011, CBA meeting.

New Educational Requirements for Licensure - 2014

As has been reported previously, beginning January 1, 2014, all applicants applying for licensure will be required to meet the 150-hour educational requirement. As part of the legislation that enacted the 150-hour educational requirement as the sole pathway to CPA licensure in California, the Legislature required the CBA to further define an additional 30 semester units of its educational requirements. The two committees responsible for providing the CBA with recommendations and guidelines for the new semester units – the Accounting Education Committee for the 20 units of accounting study, and Ethics Curriculum Committee for the 10 units of ethics study – have both met multiple times. To ensure that all affected stakeholders are kept up-to-date of the progress for the two committees, all meetings are webcast live (and archived) and meeting materials placed on the CBA's Web site.

CBT-e

Beginning in June and for the remainder of 2010 the CBA experienced a significant increase in the number of examination applications submitted by both first-time and repeat sitters. It is believed the influx in the number of applications was in response to the changes that were going to be made to the Uniform CPA Examination effective January 1, 2011, being referred to as CBT-e. As a result, the number of scores received by the CBA for the October/November 2010 testing window was the highest yet since the inception of computer-based testing.

Peer Review

Mandatory Peer Review became effective 1/1/10. The CBA is in the process of a 3-year phased implementation.

Temporary and Incidental Practice

On January 1, 2011, Section 5050(b) of the Business and Professions Code on temporary and incidental practice became inoperative. As a result, non-California CPAs who may have practiced under Section 5050(b) should carefully evaluate whether their activities would require them to file a practice privilege to ensure they are practicing lawfully.

JURISDICTION: California

(Question 5 continued: What is happening in your jurisdiction that is important for other State Boards and NASBA to know about?)

Practice Privilege: Safe Harbor

California's Safe Harbor provision (CCR Title 16, Section 30), which allowed out-of-state CPAs five days in which to file a Practice Privilege Notification Form following the commencement of practicing in California, expired on December 31, 2010. Beginning on January 1, 2011, a Practice Privilege Notification Form must be filed with the CBA prior to practicing public accountancy in the state. However, the CBA is pursuing regulatory changes to reinstate the safe harbor period.

Retirement Status

The CBA is sponsoring legislation in 2011 that will allow it to create a retired status of licensure. This will allow CPAs who wish to retire and no longer be actively engaged in the practice of public accountancy to do so without needing to pay biannual renewal fees or having their license become delinquent and eventually canceled.

6. NASBA's Board of Directors would appreciate as much input on the above questions as possible. How were the responses shown above compiled? Please check all that apply.

- Input only from Board Chair
 - Input only from Executive Director
 - Input only from Board Chair and Executive Director
 - Input from all Board Members and Executive Director
 - Input from some Board Members and Executive Director
 - Input from all Board Members
 - Input from some Board Members
- Other (please explain):

1/20/11

Memorandum

CBA Agenda Item XI.C
March 24-25, 2011

To : CBA Members

Date: March 10, 2011

Telephone : (916) 561- 1789

Facsimile : (916) 263- 3675

E-mail : lhersh@cba.ca.gov

From : Lauren Hersh
Information & Planning Manager

Subject : Press Release Focus

Staff will provide suggestions for an appropriate focus for the press release to be issued following each CBA meeting. This is a dynamic analysis based on the activities of each CBA meeting.

Press Releases

Seven press releases were issued since the January 2010 CBA meeting, including enforcement actions, and a preview of the February 2011 CBA meeting. A release to be distributed statewide regarding AB 431 is in review at this writing as is the March pre-meeting release. Both will be included in the May 2011 memorandum.

(Attachment 1) These releases were distributed via Twitter and Facebook in addition to E-News and the traditional distribution method to the press.

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



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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TELEPHONE: (916) 263-3680
FACSIMILE: (916) 263-3675
WEB ADDRESS: <http://www.cba.ca.gov>



PRESS ADVISORY

FOR IMMEDIATE RELEASE
2-23-11

Contact: Lauren Hersh (916) 561-1789

CALIFORNIA BOARD OF ACCOUNTANCY TO DISCUSS POSSIBLE CONSOLIDATION WITH PROFESSIONAL FIDUCIARIES BUREAU

SACRAMENTO- The California Board of Accountancy will meet February 24, 2011 to address the issue of possible future consolidation with the Professional Fiduciaries Bureau. While the CBA is not expected to take specific action toward consolidation, the meeting is intended to provide CBA members and the public an opportunity to discuss and provide comment on issues affecting consumers as well as Certified Public Accountants and Professional Fiduciaries should such a consolidation occur.

When: Thursday, February 24, 2011
1:00 p.m. - 4:00 p.m.

Where: Hilton Los Angeles Airport
5711 West Century Blvd.
Los Angeles, CA 90045

The meeting will be webcast, available at <http://www.cba.ca.gov/webcast/>

Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 85,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

*More information about the California Board of Accountancy is available at www.cba.ca.gov
For immediate news updates via email, subscribe to CBA's E-News at <https://www.cba.ca.gov/forms/enews>*

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PRESS ADVISORY

FOR IMMEDIATE RELEASE
3-21-11

Contact: Lauren Hersh (916) 561-1789

CALIFORNIA BOARD OF ACCOUNTANCY TO HEAR ITEMS OF INTEREST TO CONSUMERS AND CPAs

SACRAMENTO- The California Board of Accountancy will address a full and varied agenda when it meets Thursday, March 24, 2011 and Friday, March 25, 2011 in San Diego. Topics to be presented include a report on the progress of Peer Review implementation, a report on the CBA's Sunset Review hearing before the state legislature, and an update on proposed fee reductions for licensees. This is a public meeting and members of the public and press are invited to attend.

When: Thursday, March 24, 2011
1:00 p.m. – 4:30 p.m.
Friday, March 25, 2011
9:00 a.m. – 3:30 p.m.

Where: Sheraton Hotel and Marina
1380 Harbor Island Dr.
San Diego, CA 92101

The meeting will also be webcast, available at <http://www.cba.ca.gov/webcast/> and access is also available via Twitter @ <http://twitter.com/CBAnews> and Facebook @ <http://www.facebook.com/pages/California-Board-of-Accountancy>. For immediate news updates via email, subscribe to CBA's E-News at <https://www.cba.ca.gov/forms/enews>

Created by statute in 1901, the CBA's mandate requires that protection of the public shall be its highest priority in exercising licensing, regulatory, and disciplinary functions. The CBA currently regulates more than 85,000 licensees, the largest group of licensed accounting professionals in the nation, including individuals, partnerships, and corporations.

More information about the California Board of Accountancy is available at www.cba.ca.gov

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**California Board of Accountancy
Enforcement Action News Release**

Sent to business@ocregister.com on March 7, 2011

Brian Brelje, An Accountancy Corporation, Laguna Beach, CA (COR 1417) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_b.shtml#562

Sent to sacbmetroeds@sacbee.com, pteditor@goldcountrymedia.com,
pressreleases@rocklintoday.com on March 7, 2011

Alan Douglas Shattuck, Roseville, CA (CPA 13898) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_s.shtml#621

Sent to business@latimes.com on March 7, 2011

Carl Dean Hasting, Agoura Hills, CA (CPA 45770) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_h.shtml#538

Sent to lisac@sltrib.com and pbeebe@sltrib.com on March 7, 2011

David G. Rooker, Salt Lake City, UT (Applicant) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_r.shtml#532

Sent to JMedina@venturacountystar.com and business@latimes.com on
March 7, 2011

Neil Scott Sipos, Thousand Oaks, CA (CPA 68398) has been disciplined by the California Board of Accountancy. Please utilize the attached link to the California Board of Accountancy's Web page to access details of this enforcement action. Please contact Patti Bowers, Executive Officer, by telephone at (916) 561-1718 or by e-mail at pbowers@cba.ca.gov should you have any questions regarding this enforcement action.

http://www.dca.ca.gov/cba/discipline/decisions/index_s.shtml#628

**CALIFORNIA BOARD OF ACCOUNTANCY
REGULATION STATUS REPORT
March 3, 2011**

Reg. Action	Subject	Publication Date	Public Hearing Date	Status/Date	Next Action/ Target Date
Amend §87.9, 88.2, 90	CE: Exemptions and Extensions	3/26/2010	5/12/2010	Approved	Effective 3/3/11
Amend §70	Fees	5/28/2010	7/28/2010	DCA Approval Process	OAL Approval Process- 4/1/11
Amend §48.3	Peer Review Provider Reporting Requirements	10/1/2010	11/16/10	DCA Approval Process	OAL Approval Process- 3/10/11