

**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>

**CBA Item VIII.C.**

November 17-18, 2011

**Consideration of Recognizing the Mutual Recognition Agreement Recommended by the Hong Kong Institute of Certified Public Accountants and the United States International Qualifications Appraisal Board**

**Staff:** Deanne Pearce, Chief, Licensing Division**Date:** October 31, 2011**Purpose of the Item**

Provide California Board of Accountancy (CBA) members the opportunity to discuss whether to recognize the Hong Kong Institute of Certified Public Accountants as having satisfied California's examination requirements upon successful completion of the International Qualification Examination (IQEX).

**Action(s) Needed**

Determine whether the CBA should recognize members of the Hong Kong Institute of CPAs as having satisfied the examination requirement upon successful completion of the IQEX.

**Background**

The International Qualifications Appraisal Board (IQAB) was jointly established by the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA) to eliminate barriers in mutual recognition of accounting qualifications (reciprocity) between the accounting profession of the United States and the accounting profession of other countries. To support this objective, IQAB negotiates a Mutual Recognition Agreement (MRA) with international Certified Public Accountant (CPA) licensing bodies and recommends adoption of these agreements by all 55 state accountancy boards and jurisdictions.

Prior to submitting an application for an MRA, each international CPA licensing body must be sponsored by a state board of accountancy. Only the sponsoring state board can initiate the MRA process by making a formal request to IQAB to begin its evaluation process. IQAB conducts an initial screening before proceeding to a more formal process of review. International licensing bodies that proceed to the second stage of review must complete a detailed questionnaire and provide documentation of the procedures and requirements to become a qualified accountant with audit rights in the country of the applying body. This review is used to determine whether the international body's examination, education, and experience requirements are 'substantially

## Recognition of MRA by the Hong Kong Institute of CPAs and the IQAB

Page 2 of 3

equivalent' to the United States (US) CPA licensing requirements under the Uniform Accountancy Act (UAA). IQAB then enters into a reciprocal MRA with each international body it assesses as 'substantially equivalent' to US licensing standards.

Members of international CPA licensing bodies that have previously negotiated an MRA may take the IQEX in lieu of the Uniform CPA Examination (CPA Exam). The objective of the 4.5-hour exam is to assess the candidate's knowledge of US generally accepted accounting principles, accounting standards, taxation and business law and emphasizes areas in which there are differences between US and foreign accounting practice. To date, IQAB has entered into agreements with the following seven accounting organizations:

- Canadian Institute of Chartered Accountants – 1991 and 1999
- Certified Practising Accountants Australia – 2000
- Institute of Chartered Accountants in Australia – 1996 and 2002
- Mexican Dirección General de Profesiones de la Secretaría de Educación Pública, and the Instituto Mexicano de Contadores Públicos – 2002
- Institute of Chartered Accountants in Ireland – 2005
- New Zealand Institute of Chartered Accountants – 2009
- Hong Kong Institute of Certified Public Accountants – 2011

At the May 9, 1997 meeting, the CBA expressed its intent to recognize the successful passage of IQEX by members of organizations approved by IQAB as meeting the examination requirements of Section 5082 of the California Business and Professions Code. The CBA also authorized the pursuit of statutory changes for implementation. In 1998, legislation amended Section 5082.3 (**Attachment 1**) and authorized the CBA to deem a licensee applicant as meeting the CPA Exam requirement if:

- The applicant was licensed or has comparable authority under the laws of any country to practice public accountancy.
- The IQAB determined that the standards under which the applicant was licensed or had comparable authority met the IQAB standards to take the IQEX.
- The applicant successfully passed the IQEX.

The CBA recognizes members from the following six international CPA licensing bodies approved by IQAB as having satisfied California's examination requirements upon successful completion of the IQEX:

- Canadian Chartered Accountants
- Certified Practising Accountants Australia
- Institute of Chartered Accountants in Australia
- Mexican Dirección General de Profesiones de la Secretaría de Educación Pública, and the Instituto Mexicano de Contadores Públicos
- Institute of Chartered Accountants in Ireland
- New Zealand Institute of Chartered Accountants

## **Recognition of MRA by the Hong Kong Institute of CPAs and the IQAB**

Page 3 of 3

In October 2011 the IQAB entered into a new MRA with the Hong Kong Institute of Certified Public Accountants (**Attachment 2**) and subsequently requested that the 55 states and jurisdictions adopt and implement the agreement.

### Reciprocity

Generally, the CBA does not enter into reciprocity agreements. Since the authority to issue CPA licenses and certificates is established at the state level, IQAB's MRAs are advisory to the state accountancy boards and jurisdictions. Each board independently determines whether a candidate has met licensure requirements in accordance with its state laws.

### Comments

The CBA receives an average of 25 applications annually for licensure from IQEX candidates.

### Recommendation

Staff recommends that the CBA recognize members of the Hong Kong Institute of CPAs as having satisfied the examination requirement under Section 5082.3 of the Business and Professions Code upon successful completion of the IQEX.

If the CBA adopts this recommendation, a letter (**Attachment 3**) will be sent to Mr. William Treacy, Chair of the NASBA/AICPA IQAB, notifying him that although the CBA does not enter into reciprocity agreements, the CBA will grant recognition to the Hong Kong Institute of Certified Public Accountants, upon passing the IQEX, as fulfilling the examination requirement for licensure in California.

Attachment 1: Section 5082.3 of the California Business and Professions Code

Attachment 2: *Mutual Recognition Agreement, October 2011*

Attachment 3: Draft letter to William Treacy, Chair, NASBA/AICPA IQAB, regarding acceptance of the IQEX for members of the Hong Kong Institute of Certified Public Accountants seeking licensure in California.

**Business and Professions Code Section 5082.3.  
Method of Satisfying Examination Requirements**

An applicant for a license as a certified public accountant may be deemed by the board to have met the examination requirements of Section 5082, 5092, or 5093 if the applicant satisfies all of the following requirements:

(a) The applicant is licensed or has comparable authority under the laws of any country to engage in the practice of public accountancy.

(b) The International Qualifications Appraisal Board jointly established by the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants has determined that the standards under which the applicant was licensed or under which the applicant secured comparable authority meet its standards for admission to the International Uniform Certified Public Accountant Qualification Examination.

(c) The applicant has successfully passed the International Uniform Certified Public Accountant Qualification Examination referenced in subdivision (b).

# ***MUTUAL RECOGNITION AGREEMENT***

*Recommended by*

**The Hong Kong Institute of Certified Public Accountants**

*and*

**The NASBA/AICPA International Qualifications Appraisal Board**

*Representing*

**The National Association of State  
Boards of Accountancy**

**NASBA**

*and*

**The American Institute of  
Certified Public Accountants**

**AICPA**

# MUTUAL RECOGNITION AGREEMENT

## Introduction

1. **The National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA)** have jointly established the **NASBA/AICPA International Qualifications Appraisal Board (IQAB)** to eliminate impediments to reciprocity by serving as the link between the accounting profession in the United States and the accounting profession in other jurisdictions, such as Hong Kong, that are seeking mutual recognition of accounting qualifications for the purpose of granting the Certified Public Accountant designation (**CPA Designation**).
2. **The Hong Kong Institute of Certified Public Accountants (HKICPA)** and the IQAB, as Parties to this document, have achieved a consensus on principles for reciprocity to be recommended to the individual United States (U.S.) State Boards of Accountancy or their equivalents in each jurisdiction (**State Boards of Accountancy**) that grant the CPA Designation. To promote reciprocity this agreement has been approved by the Council of the HKICPA and the Boards of Directors of the NASBA and the AICPA.
3. The HKICPA is empowered under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) to issue the CPA Designation to qualified applicants and the Practising Certificate (see clause 18). The United States has 55 jurisdictions, and their State Boards of Accountancy are legislatively empowered to grant the CPA Designation and license to practice accountancy, subject to the laws and regulations in each jurisdiction. To promote reciprocity, the HKICPA and the IQAB recommend the adoption of the following principles for the mutual recognition of their respective accounting qualifications for the purpose of granting the CPA Designation.

## Basis of Recognition

4. The IQAB has reviewed the education requirements, the examination requirements, the experience requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the CPA Designation in Hong Kong.
5. The HKICPA has reviewed the education requirements, the examination requirements, the experience requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of the CPA Designation in the United States.
6. As a result of these reviews, the Parties are satisfied that the qualification standards for the CPA Designation in Hong Kong and in the United States are substantially equivalent.
7. The following clauses set forth the principles for reciprocity in respect of each of the three areas of education, examination and experience for the purpose of applying for the grant of CPA Designation in Hong Kong and in the United States.

## Education

8. Applicants from Hong Kong having a three-year degree baccalaureate or higher degree obtained at a university accredited or recognized by the HKICPA and having acquired the CPA Designation from the HKICPA through completing the HKICPA's Qualification Programme that took effect in 1999 (**Qualification Programme**) shall be considered as having satisfied the education requirements of the Uniform Accountancy Act of the United States (**Uniform Accountancy Act**).

Those Applicants from Hong Kong who did not complete the Qualification Programme but who (a) were registered as a HKICPA member on or before 31 December 2001, and (b) hold a three-year baccalaureate or higher degree obtained at a university accredited or recognized by the HKICPA and (c) possess at least four years of post-baccalaureate accounting experience, shall also be considered as having satisfied the education requirements of the Uniform Accountancy Act.

9. The following provisions shall apply to applicants from the United States:
- (1) Those applicants who acquired the CPA Designation from a U.S. Jurisdiction through satisfying its education requirements by holding (a) a baccalaureate degree or (b) a baccalaureate and a higher degree, acquired through a course, or courses, of study comprising in aggregate not less than 150 semester hours (within the meaning used in section 5(c)(2) of the Uniform Accountancy Act) (**Semester Hours**)
    - (i) which 150 Semester Hours were substantially undertaken in the United States; and
    - (ii) which baccalaureate degree is, or (in the case of those applicants holding both a baccalaureate and a higher degree) both of which degrees are, recognized by the applicable State Board of Accountancy (**Recognized U.S. Degree**) shall be considered as having satisfied the education requirements of the HKICPA.
  - (2) Those applicants who acquired the CPA Designation from a U.S. Jurisdiction which as at the date of this agreement has not yet introduced the 150 Semester Hours requirement and who hold a Recognized U.S. Degree must also meet the 150 Semester Hours requirement through a course, or courses, of study substantially undertaken in the United States, which is required to be assessed by the HKICPA in its discretion on a case-by-case basis so as to be considered as having satisfied the education requirements of the HKICPA. If at the date of this agreement a U.S. Jurisdiction has not yet introduced the 150 Semester Hours requirement but subsequently introduces the requirement at any time before an applicant acquires the CPA Designation from that U.S. Jurisdiction, then the principles set out in clause 9(1) shall apply to such an applicant.
  - (3) Notwithstanding clauses 9(1) and (2), those applicants who acquired the CPA Designation prior to the date of this agreement from a U.S. Jurisdiction without having met the 150 Semester Hours requirement but who hold a Recognized U.S. Degree acquired through a course, or courses, of study substantially undertaken in the

United States shall be considered as having satisfied the education requirements of the HKICPA.

### **Examinations**

10. The Parties agree that, subject to the other provisions of this agreement, applicants:
- (1) from Hong Kong who (a) have successfully completed the Qualification Programme; or (b) have registered as a HKICPA member on or before 31 December 2001, and hold a three-year baccalaureate or higher degree obtained at a university accredited or recognized by the HKICPA and possess at least four years of post-baccalaureate accounting experience; and
  - (2) from the United States who have successfully completed the Uniform CPA Examination as administered on behalf of a U.S. Jurisdiction by the NASBA and who have met the education and experience requirements under this agreement for applicants from the United States

shall not be required to complete the other jurisdiction's examination in order to achieve the CPA Designation of the jurisdiction into which entry is being sought.

11. All applicants for reciprocity may be required to pass examinations designed to assure that the applicants have satisfactory knowledge of relevant local and national legislation, standards and practices in the jurisdiction being entered. For the time being, the examination for applicants from the United States is the HKICPA Aptitude Test on Hong Kong Law and Hong Kong Taxation; and the examination for applicants from Hong Kong is the U. S. International Qualification Examination.
12. The Parties recognize that an individual U.S. Jurisdiction may require successful completion of an additional examination on the statutes, regulations, and ethical rules of that jurisdiction.

The Parties recognize that the HKICPA may require successful completion of an additional examination on the statutes, regulations, and ethical rules of Hong Kong.

13. The IQAB or such other body as the IQAB may designate from time to time, may periodically review the Qualification Programme including the body of knowledge to be tested, the policies and procedures for its construction, administration, security and oversight to provide assurance to State Boards of Accountancy that the Qualification Programme can be relied upon as an appropriate test of the qualifications of CPA candidates.

The HKICPA, or such other body as the HKICPA may designate from time to time, may complete similar reviews of the Uniform CPA Examination including the body of knowledge to be tested, the policies and procedures for its construction, administration, security and oversight to provide a similar assurance to the Council of the HKICPA that the

Uniform CPA Examination can be relied upon as an appropriate test of the qualifications of CPA candidates.

### **Experience**

14. Applicants having acquired the CPA Designation from a U.S. Jurisdiction shall have gained at least three years of relevant accounting experience recognized by the HKICPA to meet the experience requirement in order to be eligible to receive the CPA Designation from the HKICPA.

Similarly, applicants having acquired the CPA Designation from the HKICPA shall have gained at least three years of relevant accounting experience recognized by the relevant U.S. Jurisdiction to meet the experience requirement in order to be eligible to receive the CPA Designation in the United States.

15. (a) Ordinarily, the amount and nature of accounting experience required by the jurisdiction granting the original CPA Designation must be equivalent to the experience requirement of the jurisdiction granting the reciprocal CPA Designation and must have been obtained under the supervision or direction of a CPA licensed in the original jurisdiction; and (b) if either the amount or nature of the accounting experience obtained by an applicant pursuant to the requirements of the jurisdiction of original CPA Designation does not meet the requirements of the jurisdiction granting the reciprocal CPA Designation, the applicant may be permitted to complete the prescribed experience in the jurisdiction into which entry is sought before becoming eligible to receive the applicable CPA Designation.

### **Performance of Statutory Audits, Attest Services, Compilations or Reports on Financial Statements in the United States**

16. In the United States, individuals who hold a CPA license granted by a State Board of Accountancy and designated as CPA are entitled to perform statutory audits, provided they meet the competency requirements of the applicable professional standards, including requisite additional experience/training for supervising or signing reports on financial statements or other attest work.
17. Any U.S. CPA who (a) is responsible for supervising attest or compilation services or (b) signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the accounting firm, shall meet the competency requirements set out in the U.S. professional standards for such services.

### **Performance of Statutory Audits, Attest Services, Compilations or Reports on Financial Statements in Hong Kong**

18. Individuals designated as a CPA in Hong Kong are required to hold a Practising Certificate (PC) granted by the HKICPA in order to perform statutory audits, provided they meet the competency requirements of the applicable professional standards, including requisite additional experience/training for supervising or signing reports on financial statements or

other attest work. For the purposes of this clause, the Parties agree that the applicable standards for statutory audits in Hong Kong and the granting of a PC shall include, without limitation, the requirements under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and its By-laws in force at the time of application.

19. Any Hong Kong CPA who (a) is responsible for supervising attest or compilation services or (b) signs or authorizes someone to sign the accountant's report on the financial statements on behalf of the accounting firm, shall meet the competency requirements set out in the Hong Kong professional standards for such services.

#### **Continuing Professional Development**

20. Each of the HKICPA and the State Boards of Accountancy recognizes the Continuing Professional Development (CPD) requirements for maintaining the CPA Designation of the other body. If an individual holds dual CPA Designations, and satisfies the CPD requirements and obligations of one CPA Designation, the other body will recognize this as substantially equivalent to meeting its own requirements.

#### **Reciprocal Eligibility**

21. Each Party will assess individual applications for recognition from the other body. In assessing such applications, each body will seek verification from the qualifying body that the applicant is in good standing with the other body. Each body agrees to provide such verification on a timely basis when requested. Each body reserves the right to require individuals applying to the other body under the terms of this agreement to maintain their CPA Designation with the original qualifying body. Each body shall facilitate the process of obtaining audit rights for those individuals covered by this agreement.

#### **Exclusion of Third Party Recognition**

22. This agreement does not apply to individuals who have gained recognition by either body through another agreement with a third party. This clause does not apply to the HKICPA members registered on or before 31 December 2001.

#### **Reserved Discretion**

23. This agreement, however, does not remove the right of either body to grant the CPA Designation to applicants from the other body who may not necessarily meet the criteria set out in this agreement.

#### **Notice of Changes**

24. The Parties agree to provide each other with information on changes to their education requirements, examination requirements, experience requirements, the required body of knowledge and the required standards of professional practice with respect to the granting of their respective CPA Designation.

**Termination**

25. Either Party may, with a one-hundred-eighty-day (180) notice, withdraw their consent to this agreement for just cause.

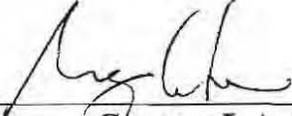
**Expiration**

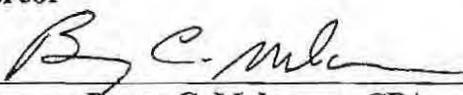
26. This agreement shall be in force for a period of five years from the date of signing of this agreement by both Parties and may be renewed or extended for additional five-year or shorter periods through mutual agreement of the Parties.

**Status of Agreement**

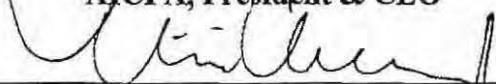
27. This agreement sets out the Parties' consensus on principles for reciprocity for adoption by the HKICPA and the IQAB for mutual recognition of accounting qualifications for the purpose of granting the CPA Designation in their respective jurisdictions and is not intended to be, and shall not be, enforceable or justiciable in any courts, tribunals or organization of any jurisdiction whatsoever. In the event of any disagreement in relation to this agreement, the Parties agree to negotiate in good faith with a view to resolving the disagreement.

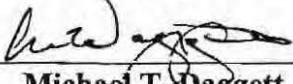
**In Witness Whereof**

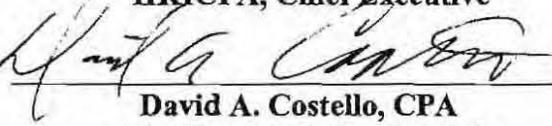
  
\_\_\_\_\_  
**Gregory J. Anton, CPA**  
**AICPA, Chairman**

  
\_\_\_\_\_  
**Barry C. Melancon, CPA**  
**AICPA, President & CEO**

  
\_\_\_\_\_  
**Tsai Wing Chung, Philip, CPA**  
**HKICPA, President**

  
\_\_\_\_\_  
**Winnie C.W. Cheung, CPA**  
**HKICPA, Chief Executive**

  
\_\_\_\_\_  
**Michael T. Daggett, CPA**  
**NASBA, Chairman**

  
\_\_\_\_\_  
**David A. Costello, CPA**  
**NASBA, President & CEO**

  
\_\_\_\_\_  
**William Treacy**  
**U.S. IQAB, Chairman**

Dated this 24 day of October, 2011.



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



### Attachment 3

November 30, 2011

William Treacy  
Chair, NASBA/AICPA IQAB  
333 Guadalupe, Tower 3, Suite 900  
Austin, TX 78701-3900

Dear Mr. Treacy:

I am responding to the communication sent on behalf of the International Qualifications Appraisal Board (IQAB) requesting the California Board of Accountancy's (CBA) adoption of the Mutual Recognition Agreement with the Hong Kong Institute of Certified Public Accountants and the NASBA/AICPA IQAB.

The CBA considered the MRA at its November 2011 meeting. Although the CBA does not enter into reciprocity agreements, I am pleased to inform you that the CBA adopted the position that once Hong Kong Certified Public Accountants have successfully completed the International Qualification Examination, they will be deemed to have satisfied the CBA's examination requirements.

Additional information regarding California's examination, education, and experience requirements may be obtained by visiting our website at [www.cba.ca.gov](http://www.cba.ca.gov). If you have any questions, you may contact Deanne Pearce, Chief of Licensing at (916) 561-1740, or by e-mail at [dpearce@cba.ca.gov](mailto:dpearce@cba.ca.gov).

Sincerely,

Patti L. Bowers  
Executive Officer

c: Members, California Board of Accountancy  
Deanne Pearce, Chief, Licensing Division



**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>



**CBA Item VIII.D.**  
November 17-18, 2011

### **Grant/Deny Appeal of Uniform CPA Examination Candidate KD122701**

**Presented by:** Kristy Shellans, Senior Legal Counsel, Department of Consumer Affairs

**Date:** October 27, 2011

---

On October 7, 2011, Uniform CPA Examination (CPA Exam) Candidate KD122701 submitted an educational Request for Appeal (**Attachment #1**) pursuant to California Board of Accountancy (CBA) Regulation Section 49. This matter is scheduled for November 18, 2011 at the November 2011 CBA meeting.

The following documents are attached for your reference:

- **Attachment #1** – Request for Appeal
- **Attachment #2** – CBA Regulation Section 49
- **Attachment #3** – Substantiating Documentation
- **Attachment #4** – Written Record

#### **ACTION NEEDED**

The CBA must decide whether to accept two courses taken by Candidate KD122701 at Golden Gate University as qualifying toward the 24-semester unit accounting subject requirement for admission to sit for the CPA Exam.

#### **PRESENTATION**

Neither staff nor the appellant will provide testimony on the appeal. The CBA must render a decision based on the existing written record. Department of Consumer Affairs Legal Counsel Kristy Shellans will present this item and be available to answer any procedural questions regarding CBA Regulation Section 49.

#### **APPEALS PURSUANT TO CBA REGULATION SECTION 49**

Exam-related appeals are governed by CBA Regulation Section 49 (**Attachment #2**), which allows a candidate who is aggrieved by any action of the CBA's staff to appeal such action to the CBA. As such, all appeals are based on a two-level appeal process. All first-level appeals are reviewed by CBA management. CBA management reviews the documentation submitted by the candidate. If CBA management notifies the candidate that the first-level appeal is denied, CBA management informs the candidate the denial may be appealed to the CBA.

## CPA Exam Appeal – Candidate KD122701

Page 2 of 3

The candidate is required to submit a written request to appeal the decision within 24 months of the action being appealed or the mailing of the written first-level denial notification from the CBA, whichever is later. The candidate must also mail or deliver two signed copies of the appeal to the CBA office. The appeal must include the following information:

- Name, business address, and residence address
- The action being appealed and the date of any written notification from the CBA
- A summary of the basis for the appeal, including information which the applicant believes CBA management did not give adequate consideration

CPA Exam Candidate KD122701 has met the requirements set forth in CBA Regulations Section 49.

The CBA must review only that information which was previously submitted under the first-level appeal. If the candidate provided new or additional material, the CBA would be required to refer that matter back to CBA management for further consideration. Candidate KD122701 did not submit any new documentation that would otherwise require staff to perform an additional reevaluation.

### **BASIS OF APPEAL**

CPA Exam Candidate KD122701 believes that the below two courses taken at Golden Gate University meet the CBA's definition for the accounting subject requirements as defined by CBA Regulation Section 9.2(b).

- EMBA 330 – Managerial Economics
- EMBA 350 – Financial Management

CPA Exam Candidate KD122701 submitted the below two items to substantiate the claim (**Attachment #3**).

- Golden Gate University, Executive M.B.A. course catalog descriptions
- A self-developed table outlining specific areas of the two courses and what areas the candidate believes associate with the CBA's accounting subject requirement

### **CBA REGULATION SECTION 9.2(b)**

CBA Regulation Section 9.2(b) states, “[t]he applicant shall complete a minimum of 24 semester units...selected from the following accounting subject requirements: accounting, auditing, financial reporting, external or internal reporting, financial statement analysis or taxation.”

### **SUMMARY OF WRITTEN RECORD**

- CPA Exam Candidate KD122701 submitted a request for reconsideration for two college-level courses to qualify toward the accounting subject requirement on or

## **CPA Exam Appeal – Candidate KD122701**

Page 3 of 3

about June 30, 2011. The Candidate submitted substantiating documentation, in the form of course catalog descriptions, via facsimile on or about July 21, 2011.

- On or about August 4, 2011, CBA staff notified the Candidate, via letter, that the request was considered and denied.
- On or about August 15, 2011, CPA Exam Candidate KD122701 submitted a second request for reconsideration. With this request, the Candidate submitted new documentation, in the form of a self-developed table.
- On or about September 9, 2011, CBA staff notified the Candidate, via letter, that the reconsideration request was considered and denied.
- On or about September 16, 2011, CPA Exam Candidate KD122701 submitted a written, first-level, appeal requesting CBA management review based on the previously submitted documentation
- On or about September 30, 2011, CBA management informed the Candidate that the appeal was accepted and denied.
- On or about October 7, 2011, CPA Exam Candidate KD122701 submitted a Request for Appeal to have the CBA review and consider the two completed courses.

### **COMMENTS**

The CBA may choose to accept or deny one or both of the courses being appealed by CPA Exam Candidate KD122701.

[REDACTED]

Dominic Franzella, Examination Unit Manager  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

October 7, 2011

Dear Mr. Franzella:

Thank you for your letter of September 30, 2011, regarding two courses that have been disallowed for purposes of qualifying for the California CPA Examination. The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration:

- EMBA 330
- EMBA 350

Thank you for elaborating on the rationale for denying my request to allow these courses. I am hoping that you can provide a bit more clarification on a particular point. In your letter, you correctly noted that these courses cover the topics of acquisitions and mergers, production, budgeting, leasing arrangements, etc. and that these are not recognized as accounting topics. The point of my earlier letter was to point out that it is impossible to cover these topics in a graduate-level course without the analysis of financial statements, cost analysis, costing, consideration of taxation, generation of financial reports the application of accounting techniques. All of these topics are recognized by the California Board of Accountancy as accounting topics. A decision to disallow these courses is akin to disallowing a surgical rotation because it is not a medical course. It is simply not possible to cover the more advanced topics without using the earlier building blocks. I would appreciate a further explanation of your decision to deny these courses.

I hope that clarification of my concern will prompt a reconsideration of your decision to disallow these two courses. In the event that it does not do so, I would like to accept your suggestion to request an appeal by the California Board of Accountancy. I have enclosed two copies of an appeal request for that purpose.

I hope that this letter will clarify my concerns and prompt a reconsideration of your earlier decision. I will eagerly await your response. Please contact me with any questions or concerns.

Sincerely,

[REDACTED]

Enclosure



## REQUEST FOR APPEAL

Requestor:



### Action Being Appealed

I would like to appeal a decision by the California Board of Accountancy Examination Unit to disallow two courses to be counted as accounting courses for purposes of qualifying for the California CPA Examination. The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration:

- EMBA 330
- EMBA 350

### Summary of Appeal

The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration. Some elements of the classes are explicitly identified as accounting subjects by the California Board of Accountancy CPA Licensing Application Handbook. Other elements of the courses are not explicitly allowed. The basis for my appeal is that these topics were taught at the graduate level and implicit in each topic are skills, knowledge and applications of accounting techniques that are explicitly identified as accounting subjects by the California Board of Accountancy.

In earlier correspondence to the Examination Unit, I detailed the requisite accounting subjects for the tasks identified in the course descriptions of the two courses in question. The Examination Unit expressed concern that the relationships that I identified in my correspondence did not originate from Golden Gate University. Although this is true, it defies reason that the courses could have covered the identified topics without constant use of accounting techniques. For example, EMBA 350 included budgeting. It is not possible to cover this topic in a graduate level course without performing cost analysis, evaluating internal financial reports, scrutinizing production costs and analyzing associated decision-making information. All of these areas are specifically designated as accounting topics by the California Board of Accountancy.

Thank you for consideration of this appeal.

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**Attachment #2****Title 16 California Code of Regulations  
Section 49 – Appeals****§ 49. Appeals**

(a) Any applicant who is aggrieved by any action of any of the board's committees or its staff may appeal from such action to the board. The appeal shall be filed within 24 months of the action being appealed or the mailing of written notification from the board, whichever is later. Two signed copies of the appeal shall be mailed or delivered to the office of the State Board of Accountancy. The appeal shall contain the following information:

- (1) The name, business address and residence address of the applicant making the appeal.
  - (2) The action being appealed from and the date of any written notification from the board.
  - (3) A summary of the basis for the appeal, including any information which the applicant believes was not given adequate consideration by the committee or staff.
- (b) The board will consider only appeals based on information previously considered by its committees or staff. If the applicant wishes to submit for consideration additional evidence or information not previously submitted to the board's committee or staff, such additional information should be submitted directly to the committee or staff within the request that its previous action be reconsidered. An appeal based on evidence or information not previously submitted to the committee or staff will be referred by the board to the appropriate committee or staff for further consideration.

Note: Authority cited: Section 5010, Business and Professions Code. Reference: Section 5022, Business and Professions Code.

GOLDEN GATE UNIVERSITY

## EXECUTIVE M.B.A.

## Graduate Courses (EMBA)

**EMBA 305 FINANCIAL ACCOUNTING AND ANALYSIS--3 units (formerly EM 375)**

An accelerated introduction to the fundamental concepts and terminology of accrual accounting; generally accepted accounting principles, the accounting cycle, corporate financial reporting; financial statement analysis and the effect of alternative accounting methods on published financial reports. Emphasis is placed on external uses of accounting and financial information. (Note: This is a prerequisite course for the EMBA program and may be waived by a placement exam.)

**EMBA 310 MATHEMATICS AND STATISTICS FOR MANAGERS--3 units (formerly EM 380)**

The development of appropriate concepts and techniques in mathematics and statistics. Topics include functions, graphing, concepts and techniques from differential calculus; topics in statistics include descriptive and inferential statistics, probability sampling theory, hypothesis testing, regression and correlation. Throughout the course, emphasis will be on problem solving. The applications will be taken from the areas of business and economics. (Note: Students must have demonstrated a proficiency in Math 30 prior to taking this course. Students who have taken differential calculus and statistics may waive this course by passing a challenge exam.)

**EMBA 315 MANAGERIAL ANALYSIS AND COMMUNICATIONS--3 units (formerly EM 310)**

The development of strategies and practices for effective problem solving, decision making, and inter-personal communication in the context of day-to-day management. Approach emphasizes skill practice through case studies, structured exercises, simulations and discussion. Seminar format maximizes student interaction, team learning, and exchange of viewpoints and experience.

**EMBA 325 COMPUTER SYSTEMS MANAGEMENT AND CONTROL--3 UNITS (formerly EM 385)**

Introduction to the use of computers in business decision making; examination of computer systems concepts and terminology; analysis of management information requirements; laboratory use of computerized management systems and analytical software packages. (Note: This is a prerequisite course for the EMBA program and may be waived by a placement exam.)

**EMBA 330 MANAGERIAL ECONOMICS--3 units (formerly EM 325)**

Analysis of the management processes associated with resource acquisition and allocation; theories of demand, production, cost and pricing with emphasis on applications and the forecasting of business and financial conditions. Quantitative methods are stressed.

**EMBA 335 MANAGERIAL ACCOUNTING AND ANALYSIS--3 units (formerly EM 360)**

A survey of managerial accounting fundamentals; the use of accounting and financial information in decision making and in the planning and control of the operations of the firm; introduction to cost accounting, budgeting, responsibility accounting. Emphasis is placed on internal uses of accounting and financial information.

**EMBA 345 QUANTITATIVE APPROACHES TO MANAGEMENT--3 units (formerly EM 320)**

A survey of quantitative methods and the types of processes and problems to which they are applicable, emphasis on problem recognition and formulation; the selection of appropriate methods, topics include decision theory, linear programming, inventory models, project scheduling, queuing models, and Markov processes.

**EMBA 350 FINANCIAL MANAGEMENT--3 units (formerly EM 330)**

Theory and principles of financial analysis and control; financial statement analysis, short- and long-term financing, capitalization; alternative leasing arrangements; budgetary and related tools, capital budgeting, mergers and acquisitions.

**EMBA 355 ORGANIZATIONAL BEHAVIOR AND THE PRACTICE OF MANAGEMENT--3 units (formerly EM 390)**

Analysis of organizational theories and frameworks, corporate cultures, qualities of excellent companies, and the dynamics of organizational change; in-depth study of management decision

FILED 20

AUG 15 AM 10:37



Suzanne Gracia, Examination Analyst  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

August 15, 2011

Dear Ms. Gracia:

I am writing to appeal a decision by your office to disallow two courses to be counted as accounting courses for purposes of qualifying for the California CPA Examination. After reviewing the CPA Licensing Application Handbook, it seems clear that the courses in question meet the requirements contained in that document. The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration:

- EMBA 330
- EMBA 350

The CPA Licensing Application Handbook issued by the California Board of Accountancy specifically lists 12 accounting subjects:

Accounting	Financial Statement Analysis	Bookkeeping
Auditing	Taxation	Cost (Cost Analysis, Costing)
External or Internal Reporting	Assurance	Computer Accounting
Financial Reporting	Attestation	CPA Exam Reviews

Additionally, the Handbook specifically indicates that other courses may satisfy the accounting requirement. To clarify my concerns about this denial, I have itemized all of the topics covered in each course (from course catalogue) and matched them to the allowed (see above) accounting subjects incorporated in the topic:

**EMBA 330**

Course Description	Allowed Subjects (from Applicant Handbook)
Analysis of the management processes associated with resource acquisition and allocation	Accounting <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> External or Internal Reporting Financial Reporting Financial Statement Analysis Cost (Cost Analysis, Costing)

**EMBA 330 (cont.)**

Course Description	Allowed Subjects (from Applicant Handbook)
Theories of demand	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Provide Information for Decision-Making</li> </ul> <p>Financial Statement Analysis</p> <p>Cost (Cost Analysis, Costing)</p>
Production	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• <b>Determining Production Costs</b></li> <li>• Provide Information for Decision-Making</li> <li>• Development of Internal Controls</li> </ul> <p>External or Internal Reporting</p> <p>Financial Statement Analysis</p> <p>Cost (Cost Analysis, Costing)</p>
Cost and pricing	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide Information for Decision-Making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p>Financial Statement Analysis</p> <p>Taxation</p> <p>Cost (Cost Analysis, Costing)</p>
Forecasting business and economic conditions	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Information for Decision-Making</li> <li>• Provide Stakeholders Information</li> <li>• Risk Assessment</li> </ul> <p>Financial Statement Analysis</p> <p>Taxation</p>

**EMBA 350**

Course Description	Allowed Subjects (from Applicant Handbook)
Financial analysis and control	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> <p>Auditing</p> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p><b>Financial Statement Analysis</b></p>
Financial statement analysis	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> </ul> <p><b>Financial Statement Analysis</b></p>
Short and long-term financing	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> <p>Financial Statement Analysis</p> <p>Taxation</p> <p>Cost (Cost Analysis, Costing)</p>
Capitalization	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide information for decision-making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p>
Budgetary tools	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide Information for Decision-Making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p>Cost (Cost Analysis, Costing)</p>

EMBA 350

Course Description	Allowed Subjects (from Applicant Handbook)
Capital budgeting	Accounting <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide Information for Decision-Making</li> <li>• Development of Internal Controls</li> </ul> External or Internal Reporting Financial Reporting Financial Statement Analysis Taxation Cost (Cost Analysis, Costing)
Mergers and acquisitions	Accounting <ul style="list-style-type: none"> <li>• Provide Information for Decision-Making</li> <li>• Provide Stakeholders Information</li> <li>• Risk Assessment</li> </ul> External or Internal Reporting Financial Statement Analysis Cost (Cost Analysis, Costing)

I hope that this itemized listing will clarify my concerns about the judgment rendered for these two classes. Both classes that have been disallowed appear to link directly to subjects that are explicitly identified as accounting subjects. I would like to explore any disagreements that you find with this assessment.

Thank you for your consideration of this issue. Please contact me with any questions or concerns.

Sincerely,


Cc: Sally Anderson, CPA  
 President, California Board of Accountancy

[REDACTED]

Submitted by: [REDACTED] on 06/30 at 04:13 PM

Subject: **Good Afternoon!**

Attachment #4

Dear CPA reviewer:

I received a letter from your office indicating that my application to sit for the CPA examination has been rejected for insufficient accounting coursework. I would like to ask that you reconsider two courses offered by Golden Gate University that I successfully completed:

1. EMBA 330, Managerial Economics -- Despite the course title, this course was heavily weighted toward financial analysis. The course provided real-world case studies of enterprise financial analysis. Additionally, the course stressed quantitative metrics for monitoring enterprise activities. Forecasting and financial evaluations were included as well. The course description for this course reads as follows:

"Analysis of the management processes associated with resource acquisition and allocation; theories of demand, production, cost and pricing with emphasis on applications and the forecasting of business and financial conditions. Quantitative methods are stresses."

2. EMBA 350, Financial Management -- This course primarily focused on accounting subjects as indicated in the course description:

"Theory and principles of financial analysis and control; financial statement analysis; short and long-term financing; capitalization; alternative leasing arrangements; budgetary and related tools; capital budgeting; mergers and acquisitions."

I believe that these two courses clearly correspond to the accounting subjects listed in the CPA Licensing Applicant Handbook. I hope that the additional details on the courses is helpful in your reconsideration of my qualifications for the CPA examination.

Thank you for your attention to my request.

[REDACTED]

The information contained in this E-mail transmission is intended only for the use of the individual or entity to whom it is addressed. It may contain privileged, confidential, and protected health information.

If you received it in error, you are on notice of its status. Please notify us immediately by reply e-mail and then please delete this message from your system. Please do not copy it or use it for any purposes, or disclose its contents to any other person. To do so could violate state and Federal

[REDACTED]

FACSIMILE TRANSMITTAL SHEET

TO:	Suzanne Gracia	FROM:	[REDACTED]
COMPANY:	Examination unit	DATE:	7/21/2011
FAX NUMBER:	(916) 263-3677	PHONE NUMBER:	[REDACTED]
PHONE NUMBER:		FAX NUMBER:	[REDACTED]
RE:	Per our (email) discussion...	TOTAL NUMBER OF PAGES:	3

- URGENT     FOR REVIEW     PLEASE COMMENT     PLEASE REPLY     PLEASE RECYCLE

Ms. Gracia:

I am attaching the course descriptions that you requested.

Thanks again.

[REDACTED]

EXECUTIVE M.B.A.

Graduate Courses (EMBA)

EMBA 305 FINANCIAL ACCOUNTING AND ANALYSIS--3 units (formerly EM 375)

An accelerated introduction to the fundamental concepts and terminology of accrual accounting; generally accepted accounting principles, the accounting cycle, corporate financial reporting; financial statement analysis and the effect of alternative accounting methods on published financial reports. Emphasis is placed on external uses of accounting and financial information. (Note: This is a prerequisite course for the EMBA program and may be waived by a placement exam.)

EMBA 310 MATHEMATICS AND STATISTICS FOR MANAGERS--3 units (formerly EM 380)

The development of appropriate concepts and techniques in mathematics and statistics. Topics include functions, graphing, concepts and techniques from differential calculus; topics in statistics include descriptive and inferential statistics, probability sampling theory, hypothesis testing, regression and correlation. Throughout the course, emphasis will be on problem solving. The applications will be taken from the areas of business and economics. (Note: Students must have demonstrated a proficiency in Math 30 prior to taking this course. Students who have taken differential calculus and statistics may waive this course by passing a challenge exam.)

EMBA 315 MANAGERIAL ANALYSIS AND COMMUNICATIONS--3 units (formerly EM 310)

The development of strategies and practices for effective problem solving, decision making, and inter-personal communication in the context of day-to-day management. Approach emphasizes skill practice through case studies, structured exercises, simulations and discussion. Seminar format maximizes student interaction, team learning, and exchange of viewpoints and experience.

EMBA 325 COMPUTER SYSTEMS MANAGEMENT AND CONTROL--3 UNITS (formerly EM 385)

Introduction to the use of computers in business decision making; examination of computer systems concepts and terminology; analysis of management information requirements; laboratory use of computerized management systems and analytical software packages. (Note: This is a prerequisite course for the EMBA program and may be waived by a placement exam.)

EMBA 330 MANAGERIAL ECONOMICS--3 units (formerly EM 325)

Analysis of the management processes associated with resource acquisition and allocation; theories of demand, production, cost and pricing with emphasis on applications and the forecasting of business and financial conditions. Quantitative methods are stressed.

EMBA 335 MANAGERIAL ACCOUNTING AND ANALYSIS--3 units (formerly EM 360)

A survey of managerial accounting fundamentals; the use of accounting and financial information in decision making and in the planning and control of the operations of the firm; introduction to cost accounting, budgeting, responsibility accounting. Emphasis is placed on internal uses of accounting and financial information.

EMBA 345 QUANTITATIVE APPROACHES TO MANAGEMENT--3 units (formerly EM 320)

A survey of quantitative methods and the types of processes and problems to which they are applicable, emphasis on problem recognition and formulation; the selection of appropriate methods. Topics include decision theory, linear programming, inventory models, project scheduling, queuing models, and Markov processes.

EMBA 350 FINANCIAL MANAGEMENT--3 units (formerly EM 330)

Theory and principles of financial analysis and control; financial statement analysis, short- and long-term financing, capitalization; alternative leasing arrangements; budgetary and related tools, capital budgeting, mergers and acquisitions.

EMBA 355 ORGANIZATIONAL BEHAVIOR AND THE PRACTICE OF MANAGEMENT--3 units (formerly EM 390)

Analysis of organizational theories and frameworks, corporate cultures, qualities of excellent companies, and the dynamics of organizational change; in-depth study of management decision



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>



August 4, 2011

[REDACTED]

The request for consideration of educational qualifications you submitted has been received. The California Board of Accountancy (CBA) has considered your request to accept the following list of courses taken at Golden Gate University, as accounting courses.

- EMBA 330 – Managerial Finance
- EMBA 350 – Financial Management

After careful review of the additional documentation submitted, the courses are not considered to be accounting. Therefore, your request is denied.

Official documents on file reflect that you have completed 18 of the 24 semester units of accounting-related subjects required.

As indicated in the first letter of deficiency, sent to you on June 23, 2011, you only have one year from the date of that letter to resolve this matter, or your application fee of \$100 will be forfeit.

If you have questions regarding this matter, you may contact me by e-mail at [sgracia@cba.ca.gov](mailto:sgracia@cba.ca.gov) or by telephone at (916) 561-1758.

Sincerely,

Suzanne Gracia  
Exam Analyst

FILED 8/15/11  
11:10 AM '11



Suzanne Gracia, Examination Analyst  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

August 15, 2011

Dear Ms. Gracia:

I am writing to appeal a decision by your office to disallow two courses to be counted as accounting courses for purposes of qualifying for the California CPA Examination. After reviewing the CPA Licensing Application Handbook, it seems clear that the courses in question meet the requirements contained in that document. The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration:

- EMBA 330
- EMBA 350

The CPA Licensing Application Handbook issued by the California Board of Accountancy specifically lists 12 accounting subjects:

Accounting	Financial Statement Analysis	Bookkeeping
Auditing	Taxation	Cost (Cost Analysis, Costing)
External or Internal Reporting	Assurance	Computer Accounting
Financial Reporting	Attestation	CPA Exam Reviews

Additionally, the Handbook specifically indicates that other courses may satisfy the accounting requirement. To clarify my concerns about this denial, I have itemized all of the topics covered in each course (from course catalogue) and matched them to the allowed (see above) accounting subjects incorporated in the topic:

**EMBA 330**

Course Description	Allowed Subjects (from Applicant Handbook)
Analysis of the management processes associated with resource acquisition and allocation	Accounting <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> External or Internal Reporting  Financial Reporting  Financial Statement Analysis  Cost (Cost Analysis, Costing)

EMBA 330 (cont.)

Course Description	Allowed Subjects (from Applicant Handbook)
Theories of demand	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Provide Information for Decision-Making</li> </ul> <p>Financial Statement Analysis</p> <p>Cost (Cost Analysis, Costing)</p>
Production	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• <b>Determining Production Costs</b></li> <li>• Provide Information for Decision-Making</li> <li>• Development of Internal Controls</li> </ul> <p>External or Internal Reporting</p> <p>Financial Statement Analysis</p> <p>Cost (Cost Analysis, Costing)</p>
Cost and pricing	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide Information for Decision-Making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p>Financial Statement Analysis</p> <p>Taxation</p> <p>Cost (Cost Analysis, Costing)</p>
Forecasting business and economic conditions	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Information for Decision-Making</li> <li>• Provide Stakeholders Information</li> <li>• Risk Assessment</li> </ul> <p>Financial Statement Analysis</p> <p>Taxation</p>

EMBA 350

Course Description	Allowed Subjects (from Applicant Handbook)
Financial analysis and control	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide Financial Records</li> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> <p>Auditing</p> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p><b>Financial Statement Analysis</b></p>
Financial statement analysis	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Record Transactions</li> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> </ul> <p><b>Financial Statement Analysis</b></p>
Short and long-term financing	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Determining Production Costs</li> <li>• Provide information for decision-making</li> </ul> <p>Financial Statement Analysis</p> <p>Taxation</p> <p>Cost (Cost Analysis, Costing)</p>
Capitalization	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Provide information for decision-making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p>
Budgetary tools	<p>Accounting</p> <ul style="list-style-type: none"> <li>• Recording Financial Flows</li> <li>• Determining Production Costs</li> <li>• Provide Information for Decision-Making</li> </ul> <p>External or Internal Reporting</p> <p>Financial Reporting</p> <p>Cost (Cost Analysis, Costing)</p>

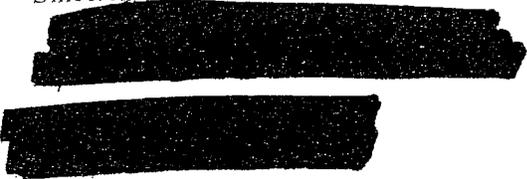
EMBA 350

Course Description	Allowed Subjects (from Applicant Handbook)
Capital budgeting	Accounting <ul style="list-style-type: none"><li>Recording Financial Flows</li><li>Determining Production Costs</li><li>Provide Information for Decision-Making</li><li>Development of Internal Controls</li></ul> External or Internal Reporting Financial Reporting Financial Statement Analysis Taxation Cost (Cost Analysis, Costing)
Mergers and acquisitions	Accounting <ul style="list-style-type: none"><li>Provide Information for Decision-Making</li><li>Provide Stakeholders Information</li><li>Risk Assessment</li></ul> External or Internal Reporting Financial Statement Analysis Cost (Cost Analysis, Costing)

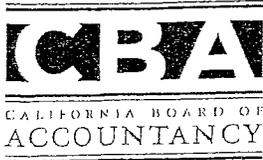
I hope that this itemized listing will clarify my concerns about the judgment rendered for these two classes. Both classes that have been disallowed appear to link directly to subjects that are explicitly identified as accounting subjects. I would like to explore any disagreements that you find with this assessment.

Thank you for your consideration of this issue. Please contact me with any questions or concerns.

Sincerely,



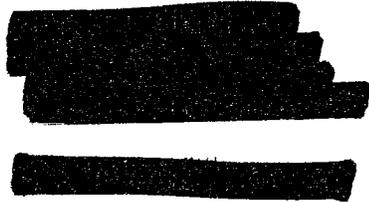
Cc: Sally Anderson, CPA  
President, California Board of Accountancy



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>



September 9, 2011



The California Board of Accountancy (CBA) is in receipt of your written appeal regarding the disallowance of two courses toward the 24 semester unit accounting subject requirement.

The CBA originally informed you via letter on or about June 23, 2011 that based on its evaluation of your official transcripts you had completed 18 of the 24 semester units of accounting subjects required for admission to sit for the Uniform CPA Examination. On or about July 21, 2011, you submitted a request to have the following two courses, completed at Golden Gate University, qualify toward the 24 semester unit accounting subject requirement:

1. EMBA 330 – Managerial Finance
2. EMBA 350 – Financial Management

Along with your request, you submitted a copy of the course descriptions for the above-noted courses.

On or about August 4, 2011, I notified you in writing that after careful consideration of the additional documentation that the CBA denied your request. As part of the denial, I reiterated to you that you still only had 18 of the 24 semester units of required accounting subjects.

In your August 15, 2011 letter to me, you submitted a written appeal regarding the CBA's denial of your request, and included new information not previously reviewed. Since you submitted new information, I conducted an additional in-depth and detailed review of the courses.

The new material included in your letter consisted of a self-developed table delineating various areas of the two courses, and what areas you believe correlate with the CBA's accounting subject requirement. Unfortunately, since this table was developed by you and not by the university, it cannot be relied upon for purposes of substantiating that the two courses in question, in fact, qualify as accounting subjects. As such, I must

[REDACTED]  
September 9, 2011

Page 2

continue to rely upon the course catalog descriptions developed by the university as the sole documentation on which to base my decision.

Based on the course catalog descriptions, both courses appear to cover topics that are not defined as accounting subjects. The courses cover acquisitions and mergers, theories of demand, production, and cost and pricing financing, capitalization, leasing arrangements, budgeting, and mergers and acquisitions, all of which are not defined as accounting subjects. Therefore, the CBA is still unable to allow the two aforementioned courses to count toward the 24 semester unit accounting subject requirement.

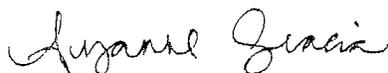
Please note that the CBA did apply these courses to your 24 semester unit business-related subject requirement.

As indicated in the original deficiency letter dated June 23, 2011, you only have one year from the date of that letter to resolve this matter or your application fee of \$100 will be forfeited.

If you continue to disagree with my decision, you can request to have CBA's Examination Unit Manager, Dominic Franzella, review the previously submitted documentation. Please note that Mr. Franzella can only review previously submitted and considered materials. If you wish to submit new documentation that comes directly from the university, it will be forwarded to me for review. If you would like to have Mr. Franzella consider your previously submitted documents, please submit your request to the CBA's office attention Examination Unit Manager.

Should you have any further questions regarding this matter, you may contact me by e-mail at [sgracia@cba.ca.gov](mailto:sgracia@cba.ca.gov) or by telephone at (916) 561-1758.

Sincerely,



Suzanne Gracia, Analyst  
Examination Unit

cc: Deanne Pearce, Chief of Licensing

RECEIVED

11 SEP 20 AM 8:20

CALIFORNIA BOARD  
OF ACCOUNTANCY  
Suzanne Adams, Examination Analyst  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815-3832

September 16, 2011

Dear Ms. Gracia:

Thank you for your letter of September 9, 2011. As you suggested, I would like to request a review by Unit Manager, Dominic Franzella, of the CBA Examination Unit's denial of two courses for purposes of qualifying for the California CPA Examination. I believe these courses meet the criterion specified in the CPA Licensing Application Handbook for accounting courses. The two courses in question were offered by Golden Gate University as part of their Master's Degree in Business Administration:

- EMBA 330
- EMBA 350

In my letter of August 15, 2011, I may have caused some confusion. I apologize if this is the case. My intent was to point out the clear link between the disallowed courses and the twelve accounting subjects listed in the CPA Licensing Application Handbook. For example, EMBA 350 covered budgeting. It is not possible to cover this topic in an upper division course without performing cost analysis, evaluating internal financial reports, scrutinizing production costs and analyzing associated decision-making information. All of these areas are specifically designated as accounting topics by the California Board of Accountancy.

I hope that this letter will clarify my concerns about the judgment rendered for these two classes. I will eagerly await Mr. Franzella's assessment. Please contact me with any questions or concerns.

Sincerely,

[Redacted signature block]



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>



September 30, 2011

[REDACTED]

I am in receipt of your written appeal requesting reconsideration of two courses disallowed toward the 24 semester unit accounting subject requirement. Provided below is a summary of events that have led to your request.

The California Board of Accountancy (CBA) received your remittance form and payment for admittance to the Uniform CPA Examination (CPA Exam) on May 24, 2011, and your final official transcript documenting your educational qualifications on June 3, 2011. On or about June 23, 2011, the CBA notified you by mail that based on its evaluation of your official transcripts, you had completed 18 of the 24 semester units of accounting subjects.

Subsequently, on or about July 21, 2011 you submitted, via facsimile, a request to have two courses completed at Golden Gate University reviewed to qualify toward the 24 semester unit accounting subject requirement. With your request, you submitted a copy of the course catalog descriptions from Golden Gate University noting the two courses. You identified the following two courses:

1. EMBA 330 – Managerial Finance
2. EMBA 350 – Financial Management

On or about August 4, 2011, Examination Analyst Suzanne Gracia notified you in writing that after careful consideration of the additional documentation, the courses were not considered accounting. Therefore, your request was denied, and Ms. Gracia reiterated to you that you still only had 18 of the 24 semester units of required accounting subjects.

On or about August 15, 2011, you submitted a written request to Ms. Gracia regarding the CBA's denial of your request. Included as part of your request was a self-developed table outlining specific areas of the two courses, and what areas you believe associate with the CBA's accounting subject requirement.

On or about September 9, 2011, Ms. Gracia informed you that she had reviewed your request, and that your request was denied. In her letter, Ms. Gracia noted that she could not rely upon the table included in your August 15, 2011 letter since it was self developed and not by the university. She noted that, she could only rely upon the original course descriptions. Ms. Gracia also indicated in her letter that the course areas identified in the

[REDACTED]  
September 30, 2011

Page 2

course catalog descriptions (acquisitions and mergers, production, budgeting, leasing arrangements, etc.) were not accounting subjects as defined by the CBA.

As part of my evaluation, I reviewed your file, including all of your previously submitted materials. As it relates to your self-developed table included in your August 15, 2011 letter, I agree with Ms. Gracia that this cannot be relied upon since it was not developed by the university. Therefore, for my review, I relied solely upon the course catalog descriptions for the two courses you submitted with your July 21, 2011 request and published by Golden Gate University.

After careful consideration, I concur with Ms. Gracia that the two courses in question - EMBA 330 – Managerial Finance and EMBA 350 – Financial Management – do not meet the CBA's definition for accounting subjects. These courses cover a broad content range from budgets and capitalization to mergers and acquisitions and leasing arrangements. None of these content areas are identified by the CBA as accounting subjects. Therefore, your request is denied.

If you disagree with my decision, you can appeal the decision to the CBA. The timeframe for having the CBA consider your appeal of my decision is 24 months from the date of this letter. Please note, however, that failure to rectify the deficiency with your current application by June 23, 2012 will result in the original application being abandoned and forfeiture of your \$100 application fee. If you wish to appeal my decision to the CBA, you must mail or deliver two signed copies of the appeal to the CBA office. The appeal must include the following information:

- Your name, business address, and residence address
- The action being appealed and the date of any written notification from the CBA
- A summary of the basis for the appeal, including any information which the applicant believes CBA management did not give adequate consideration

The CBA will only consider information previously submitted and reviewed under the first-level appeal. If you submit additional information with your CBA appeal, the CBA will refer it to CBA management for further consideration. Therefore, if you have additional information you wish for me to consider, you should submit it directly to me for consideration.

Should you have any further questions regarding this matter, you may contact me by e-mail at [dfranzella@cba.ca.gov](mailto:dfranzella@cba.ca.gov) or by telephone at (916) 561-4310.

Sincerely,

Dominic Franzella, Manager  
Examination Unit

**CALIFORNIA BOARD OF ACCOUNTANCY  
CASE ACTIVITY and AGING REPORT  
October 1, 2010 - September 30, 2011**

CBA ITEM IX.A  
NOVEMBER 17-18, 2011

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11
<b>COMPLAINTS</b>												
Received	62	44	46	47	68	86	65	46	89	54	73	58
Closed	10	19	7	8	3	28	15	9	6	20	5	5
Assigned	40	36	37	40	58	58	58	34	73	47	66	54
Pending	15	4	6	5	12	12	4	7	17	4	6	5
<b>Convictions/Arrest Reports</b>												
Received	7	14	13	7	6	17	14	7	16	10	18	11
Closed	5	12	8	6	5	15	11	6	8	5	13	10
Assigned	1	1	7	1	1	2	3	1	5	8	5	1
Pending	1	2	0	0	0	0	0	0	3	0	0	0
<b>INVESTIGATIONS (Non Sworn)</b>												
Assigned	41	37	44	41	59	60	61	35	78	55	71	55
Closed	39	31	25	23	50	51	52	59	39	33	82	60
Pending	253	259	278	296	305	314	323	298	337	359	348	343
<b>INVESTIGATIONS (Sworn)</b>												
Assigned	0	0	0	0	0	0	0	1	0	0	0	0
Closed	0	0	0	0	0	0	0	0	0	0	0	0
Pending	0	0	0	0	0	0	0	1	1	1	1	1
<b>CASE AGING</b>												
< 18 months	236	239	252	266	272	281	295	269	307	320	307	299
18-24 months	13	12	17	21	22	21	17	19	19	27	30	30
> 24 mos	4	8	9	9	11	12	11	11	12	13	12	15 <sup>1</sup>
Average Age of Pending Investigations (days)	223	239	249	258	255	255	236	255	238	238	236	249
Median Age of Pending Investigations (days)	186	197	200	216	220	213	171	196	155	165	163	172

**CALIFORNIA BOARD OF ACCOUNTANCY  
CASE ACTIVITY and AGING REPORT  
October 1, 2010 - September 30, 2011**

CBA ITEM IX.A  
NOVEMBER 17-18, 2011

<b>ENFORCEMENT ACTIONS</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>Jan-11</b>	<b>Feb-11</b>	<b>Mar-11</b>	<b>Apr-11</b>	<b>May-11</b>	<b>Jun-11</b>	<b>Jul-11</b>	<b>Aug-11</b>	<b>Sep-11</b>
<b>AG Cases</b>												
Initiated	1	2	1	2	3	3	2	5	1	5	5	5
AG Cases Pending	34	35	32	34	36	32	34	37	38	43	39	43
Petitions for Reinstatement Pending (Not included in Pre and Post Accusation Totals)	3	4	4	2	2	3	1	1	0	0	0	1
Accusations Filed	0	2	1	0	1	2	3	1	1	4	3	0
<b>AG Cases Aging</b>	<b>Oct-10</b>	<b>Nov-10</b>	<b>Dec-10</b>	<b>Jan-11</b>	<b>Feb-11</b>	<b>Mar-11</b>	<b>Apr-11</b>	<b>May-11</b>	<b>Jun-11</b>	<b>Jul-11</b>	<b>Aug-11</b>	<b>Sep-11</b>
Pre Accusation												
< 18 months	12	11	10	12	12	13	12	15	15	15	17	21
18-24 months	0	0	0	0	1	1	1	1	1	1	1	1
> 24 months	1	1	1	1	1	1	1	1	1	1	0	0
<b>Pre Accusation Total</b>	<b>13</b>	<b>12</b>	<b>11</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>22</b>
Post Accusation												
< 18 months	17	17	15	14	13	11	14	16	16	21	18	17
18-24 months	4	5	5	6	8	6	6	4	5	5	3	4
> 24 months	0	1	1	1	1	0	0	0	0	0	0	0
<b>Post Accusation Total</b>	<b>21</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>22</b>	<b>17</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>26</b>	<b>21</b>	<b>21</b>
The 15 investigations listed as over 24 months in September 2011 are composed of the following:												
<i>4 cases have been recommended for closure. If approved, these cases will be removed from the report in October 2011.</i>												
<i>5 cases are being readied for referral to the Office of the Attorney General to pursue formal disciplinary action.</i>												
<i>6 cases continue as on-going investigations.</i>												

CALIFORNIA BOARD OF ACCOUNTANCY  
CITATION AND FINE ACTIVITY REPORT  
FOR THE PERIOD 7/1/11 THRU 10/14/11

CBA Item IX.B

**VIOLATION ANALYSIS**

November 17-18, 2011

RULE		AVERAGE FINE AMOUNT	TOTAL FINES /CITATIONS ISSUED	TOTAL FINES ASSESSED	APPEALS RECEIVED
	<b>ACCOUNTANCY RULES AND REGULATIONS</b>				
3	NOTIFICATION OF CHANGE OF ADDRESS	\$100	2	\$200	
52	RESPONSE TO BOARD INQUIRY	\$286	7	\$2,000	1
63	ADVERTISING				1
87	CE BASIC REQUIREMENTS	\$417	3	\$1,250	1
87.8	CE REGULATORY REVIEW COURSE	\$250	1	\$250	
89	CE CONTROL AND REPORTING	\$250	1	\$250	
93	UNEXPIRED LICENSES	\$375	2	\$750	1
	<b>BUSINESS AND PROFESSIONS CODE SECTION</b>				
5037/68	OWNERSHIP OF ACCOUNTANTS' WORKPAPERS	\$1,000	1	\$1,000	
5050	PRACTICE WITHOUT A VALID PERMIT	\$750	2	\$1,500	1
5060	NAME OF FIRM	\$250	2	\$500	1
5070.6	RENEWAL OF EXPIRED PERMITS	\$0	1	\$0	
5100c	DISCIPLINE IN GENERAL- DISHONESTY, FRAUD, GROSS NEGLIGENCE, REPEATED ACTS	\$750	2	\$1,500	
<b>TOTALS</b>			<b>24</b>	<b>\$9,200</b>	<b>6</b>

**RECONCILIATION OF FINES OUTSTANDING 7/1/11 - 10/14/11**

Balance at 7/1/11	\$53,451
Fines Assessed 7/1/11 - 10/14/11	\$9,200
Previous Paid Off - Reinstated - Revoked License	\$0
Appeal Adjustments 7/1/11 - 10/14/11	
Withdrawn Violations (1 violation, 1 case)	(\$250)
Modified Citations (0 violations, 0 cases)	(\$250)
Remain As Issued Citations (2 violations, 1 case)	\$0
Collections 7/1/11 - 10/14/11	(\$7,553)
<b>Fines Outstanding at 10/14/11</b>	<b>\$54,598</b>

**COMPOSITION OF FINES OUTSTANDING**

Fine Added to License Renew Fee/B & P 125.9 (64 violations, 32 cases)	\$50,050
AG Referral (Citation Appealed/Non Compliance) (0 violations, 0 case)	\$0
Issued/Pending Receipt of Fine (13 violations, 6 cases)	\$4,350
Installment Payments (2 violations, 1 case)	\$198
Appeal Request Pending Review (0 violations, 0 cases)	\$0
<b>Total Fines Outstanding at 10/14/11</b>	<b>\$54,598</b>

**CALIFORNIA BOARD OF ACCOUNTANCY  
REPORTABLE EVENTS RECEIVED  
07/01/11 – 10/17/2011**

Felony Conviction – 5063(a)(1)(A)	1
Criminal Conviction – 5063(a)(1)(B)	0
Criminal Conviction – 5063(a)(1)(C)	0
Cancellation, Revocation, Suspension of Right to Practice by Other State or Foreign Country – 5063(a)(2)	0
Cancellation, Revocation, Suspension of Right to Practice before any governmental body or agency – 5063(a)(3)	0
Restatements – 5063(b)(1) <ul style="list-style-type: none"> <li>• Governmental – 19</li> <li>• Non Profit – 0</li> <li>• SEC Registrant – 4</li> </ul>	23
Civil Action Settlement – 5063(b)(2)	2
Civil Action Arbitration Award – 5063(b)(2)	0
SEC Investigation – 5063(b)(3)	0
Wells Submission – 5063(b)(4)	0
PCAOB Investigation – 5063(b)(5)	1
Civil Action Judgement – 5063(c)(1)(2)(3)(4)(5)	1
Reporting by Courts – 5063.1	0
Reporting by Insurers – 5063.2	8
<b>TOTAL REPORTABLE EVENTS RECEIVED 07/01/11 TO 10/17/11</b>	<b>36</b>



**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>



**CBA Item IX.D.**  
 November 17-18, 2011

## Update on Peer Review Implementation

**Presented by:** Rafael Ixta, Chief, Enforcement Division

**Date:** October 25, 2011

### Purpose of the Item

Staff is providing this memorandum highlighting actions that have occurred in the peer review program since the September 2011 California Board of Accountancy (CBA) meeting.

### Action Needed

No specific action is required on this agenda item.

### Background

#### **Peer Review Survey**

The CBA has received 1,498 peer review surveys since the survey went live on the CBA's Web site in December 2010. This is an increase of 277 since the September meeting. 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.

#### **Reporting Statistics**

As of October 25, 2011, 29, 543 peer review reporting forms have been submitted to the CBA from licensees in the first two groups of the phase-in period. The reporting forms are categorized as follows:

#### Licenses Ending in 01-33

Peer Review Required	2,027
Peer Review Not Required (firms)	4,074
Peer Review Not Applicable (non-firms)	14,920

#### Licenses Ending in 34-66

Peer Review Required	512
Peer Review Not Required (firms)	1,683
Peer Review Not Applicable (non-firms)	6,428

### **Public Contact Statistics**

The statistics for public contact concerning peer review are as follows.

<u>Method of Contact:</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
Telephone	361	630	743	627	809
E-mail	87	249	284	346	134

### **Correspondence to Licensees Regarding Peer Review Reporting**

On August 12, 2011, the CBA sent deficiency letters to approximately 3,800 licensees who were required to report peer review information by July 1, 2011, but had not yet done so.

Staff is currently preparing reminder letters to be mailed to licensees who are required to report peer review information by July 1, 2012. It is anticipated that the letters will be sent in early January 2012.

### **Failure to Report**

Approximately 1,500 licensees that did not submit a Peer Review Reporting Form by the July 1, 2011 will be issued citations for violating Title 16 California Code of Regulations (CCR) Sections 45 and 52 for failing to respond to the CBA.

### **Verification Procedures**

A sample review of Peer Reviewing Reporting Forms will be conducted to determine the validity of the information provided.

Four (4) types of reviews will be conducted to identify the following:

1. Corporations (COR) and partnerships (PAR) that incorrectly reported that they do not require a peer review.
2. Sole proprietorships, Certified Public Accountants (CPA), that incorrectly reported that they do not require a peer review.
3. CORs and PARs that incorrectly reported that they are not operating as a firm.
4. CPAs that incorrectly reported that they are not operating as sole proprietors.

The information provided on the Peer Review Reporting Form will be validated using the following methods:

- Researching information in the licensing database
- Cross-referencing continuing education requirements on licensee's renewal forms
- Researching licensee's internet advertisements
- Researching licensee's information through social media, i.e. Facebook, Twitter, LinkedIn, etc.
- Cross-checking the complaint database

**Comments**

None

**Recommendation**

None

**Attachment**

None



**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>



**CBA Item IX.E.**  
November 17-18, 2011

## **Enforcement Action on Failed Peer Review Reports**

**Presented by:** Rafael Ixta, Enforcement Chief

**Date:** October 20, 2011

---

### **Purpose of the Item**

At the July 21, 2011 California Board of Accountancy (CBA) meeting, a question arose regarding treatment of failed peer reviews. The purpose of this agenda item is to provide clarification on the treatment of failed peer reviews.

### **Action Needed**

No specific action is required on this agenda item.

### **Background**

In September 2008, the Committee on Professional Conduct (CPC) recommended to the CBA that enforcement action be pursued only when two consecutive failed reports or a single failed report documenting 'egregious' unprofessional conduct was identified. The recommendation was based on the premise that the Enforcement Advisory Committee (EAC) would be utilized in the screening of all failed peer reviews.

Subsequently, the Center for Public Interest Law (CPIL) strongly opposed the recommendation to utilize the EAC in the peer review screening process, stating it would be a violation of Business and Professions Code (B&P) Section 5020 of the Accountancy Act since the EAC acts in an advisory capacity.

After deliberation, the CBA sponsored legislation (AB138) enacting mandatory peer review. This legislation created B&P Section 5076, which provides for the following regarding failed peer reviews:

- Requires a firm who received a substandard (failed) peer review report to submit a copy to the CBA (5076(f));
- Requires the board-recognized program provider to file with the CBA a copy of all substandard (failed) peer review reports issued to California firms (5076(g));
- Requires the CBA to define a substandard (failed) peer review report in regulation;
- Any substandard (failed) peer review report submitted to the CBA shall be collected for investigatory purposes (5076(j)); and,
- Permits the CBA to initiate an investigation and impose discipline against a firm based on information contained in a peer review report received by the CBA (5076(e)).

Additionally, Title 16 California Code of Regulations Section 48(b)(1)(C) & 48(b)(2)(C) defines a substandard (failed) peer review report.

**Comments**

Based on the above statutory authority, the CBA receives copies of failed peer reviews of California firms and initiates an investigation. An investigation is initiated to 1) evaluate the reasons why a failed report was issued and 2) to identify and monitor compliance with any corrective actions imposed by the peer review program provider. If it is believed that the failed peer review was a result of 'egregious' conduct, CBA staff requests additional information from the licensee for further investigation. Since the mandatory peer review program was initiated, the CBA has received 36 failed peer review reports.

**Recommendations**

None

**Attachments**

1. Business and Professions Code Section 5076
2. Title 16 California Code of Regulations Sections 46 and 48

## Business & Professions Code

**5076.** (a) In order to renew its registration, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years.

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

(1) "Peer review" means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a firm by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed, and may include an evaluation of other factors in accordance with requirements specified by the board in regulations.

(2) "Accounting and auditing practice" includes any services that are performed using professional standards defined by the board in regulations.

(c) The board shall adopt regulations as necessary to implement, interpret, and make specific the peer review requirements in this section, including, but not limited to, regulations specifying the requirements for board recognition of a peer review program, standards for administering a peer review, extensions of time for fulfilling the peer review requirement, exclusions from the peer review program, and document submission.

(d) The board shall adopt emergency regulations in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) to establish policies, guidelines, and procedures as outlined in subdivision (c). The adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, or general welfare. The emergency regulations shall be submitted to the Office of Administrative Law for filing with the Secretary of State and publication in the California Code of Regulations, and shall be replaced in accordance with the Administrative Procedure Act.

(e) Nothing in this section shall prohibit the board from initiating an investigation and imposing discipline against a firm or licensee, either as the result of a complaint that alleges violations of statutes, rules, or regulations, or from information contained in a peer review report received by the board.

(f) A firm issued a substandard peer review report, as defined by the board in regulation, shall submit a copy of that report to the board. The board shall establish in regulation the time period that a firm must submit the report to the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is submitted to the board.

(g) (1) A board-recognized peer review program provider shall file a copy with the board of all substandard peer review reports issued to California-licensed firms. The board shall establish in regulation the time period that a board-recognized peer review program provider shall file the report with the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is filed with the board. These reports may be filed with the board electronically.

(2) Nothing in this subdivision shall require a board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state.

(h) The board shall, by January 1, 2010, define a substandard peer review report in regulation.

(i) Any requirements imposed by a board-recognized peer review program on a firm in conjunction with the completion of a peer review shall be separate from, and in addition to, any action by the board pursuant to this section.

(j) Any report of a substandard peer review submitted to the board in conjunction with this section shall be collected for investigatory purposes.

(k) Nothing in this section affects the discovery or admissibility of evidence in a civil or criminal action.

(l) Nothing in this section requires any firm to become a member of any professional organization.

(m) A peer reviewer shall not disclose information concerning licensees or their clients obtained during a peer review, unless specifically authorized pursuant to this section, Section 5076.1, or regulations prescribed by the board.

(n) By January 1, 2013, the board shall provide the Legislature and Governor with a report regarding the peer review requirements of this section that includes, without limitation:

(1) The extent to which mandatory peer review of small firms or sole practitioners that prepare nondisclosure compiled financial statements on an other comprehensive basis of accounting enhances consumer protection.

(2) The impact of peer review required by this section on small firms and sole practitioners that prepare nondisclosure complied financial statements on an other comprehensive basis of accounting.

(3) The impact of peer review required by this section on small businesses, nonprofit corporations, and other entities that utilize small firms or sole practitioners for the purposes of nondisclosure compiled financial statements prepared on an other comprehensive basis of accounting.

(o) This section shall remain in effect only until January 1, 2014, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2014, deletes or extends that date.

## **Title 16, California Code of Regulations**

### **46. Document Submission Requirements.**

(a) A firm receiving a peer review report issued under Section 48(b)(1)(C) or (b)(2)(C) shall submit a copy of the peer review report to the Board including any materials documenting the prescription of remedial or corrective actions imposed by a Board-recognized peer review program provider within 45 days of the peer review report being accepted by a Board-recognized peer review program provider. A firm shall also submit to the Board, within the same 45-day reporting period, any materials, if available, documenting completion of any or all of the prescribed remedial or corrective actions.

(b) Upon request by the Board, a firm shall submit to the Board all requested documents related to the peer review including:

(1) If the firm received a peer review report issued under Section 48(b)(1)(A) or (b)(2)(A) it shall submit the copy of the peer review report including materials documenting the acceptance of the report.

(2) If the firm received a peer review report issued under Section 48(b)(1)(B) or (b)(2)(B) it shall submit the copy of peer review report including any materials documenting the prescription of remedial or corrective actions imposed by a Board-recognized peer review program provider. In addition, a firm shall also submit any materials, if available, documenting completion of any or all of the prescribed remedial or corrective actions.

(c) Any documents required for submission as part of this section may be submitted electronically.

### **48. Minimum Requirements for a Peer Review Program.**

For a peer review program provider to receive Board recognition and be authorized to administer peer reviews in California, the peer review program provider must submit evidence to the satisfaction of the Board that the peer review program is comprised of a set of standards for performing, reporting on, and administering peer reviews. A peer review program shall include the following components:

#### **(a) Peer Review Types**

A peer review program shall have a minimum of two types of peer reviews that include the following:

(1) For firms performing engagements under the Statements on Auditing Standards (SASs), Government Auditing Standards, examinations of prospective financial statements under the Statements on Standards on Attestation Engagements (SSAEs), or audits of non-Security Exchange Commission (SEC) issuers performed pursuant to the standards of the Public Company Accounting Oversight Board (PCAOB), the firm shall undergo a peer review designed to test the firm's system of quality control. The scope of the peer review shall be such that it provides a peer reviewer with a reasonable assurance that a firm's system of quality control was designed in accordance with professional standards and was complied with by the firm's personnel.

(2) For firms only performing engagements under the Statements on Standards for Accounting and Review Services (SSARS) or under Statements on Standards on Attestation Engagements (SSAEs) not encompassed in review performed under subsection (a)(1), the firm shall undergo a peer review designed to test a cross-section of a firm's engagements to assess whether the engagements were performed in conformity with the applicable professional standards.

#### **(b) Peer Review Report Issuance**

(1) For firms undergoing peer reviews pursuant to subsection (a)(1), one of the following three types of peer review reports shall be issued:

(A) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control was suitably designed and complied with by the firm's personnel, which provides the firm with reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(B) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control was suitably designed and complied with by the firm's personnel with the exception of a certain deficiency or deficiencies that are described in the report. The deficiencies are such that the firm's design of or compliance with its system could create a situation in which the firm would have less than reasonable assurance of performing and/or reporting on engagements in conformity with applicable professional standards.

(C) A peer review report indicating that a peer reviewer or peer review team concluded that a firm's system of quality control is not suitably designed or complied with by the firm's personnel, and thus, does not provide the firm with reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(2) For firms undergoing peer reviews pursuant to subsection (a)(2), one of the following three types of peer review reports shall be issued:

(A) A peer review report indicating that a peer reviewer or peer review team concluded that there was no evidence which would cause the peer reviewer to believe that the engagements performed by the firm were not performed in conformity with applicable professional standards.

(B) A peer review report indicating that a peer reviewer or peer review team concluded that, with the exception of a certain deficiency or deficiencies, nothing would cause the peer reviewer to believe that the engagements performed by the firm and submitted for review were not performed in conformity with applicable professional standards. The deficiencies identified were such that the peer reviewer concluded they were material to the understanding of the report or financial statements or represented omission of critical procedures required by applicable professional standards.

(C) A peer review report indicating that a peer reviewer or peer review team concluded that the engagements reviewed were not performed and/or reported on in conformity with applicable professional standards. In issuing such report, the peer reviewer shall assess both the significance of the deficiencies identified and the pervasiveness of the deficiencies.

(c) Peer Reviewer Qualifications

A peer review program shall include minimum qualifications for an individual to qualify as a peer reviewer. The qualifications shall, at a minimum, include the following:

(1) Have a valid and active license in good standing to practice public accounting issued by this state or other state.

(2) Be actively involved and practicing at a supervisory level in a firm's accounting and auditing practice.

(3) Maintain a currency of knowledge of the professional standards related to accounting and auditing, including those expressly related to the type or kind of practice to be reviewed.

(4) Provide the Board-recognized peer review program provider with his/her qualifications to be a reviewer, including recent industry experience.

(5) Be associated with a firm that has received a peer review report issued in accordance with subsection (b)(1)(A) or (b)(2)(A) of this section or has received a peer review rating of pass or unmodified as part of the American Institute of Certified Public Accountants Peer Review Program as part of the firm's last peer review.

(d) Planning and Performing Peer Reviews

A peer review program shall include minimum guidelines and/or standards for planning and performing peer reviews commensurate with the type of peer review being performed including, but not limited to, the following:

(1) For peer reviews performed in accordance with subsection (a)(1) of this section, a peer review program's guidelines and/or standards shall include the following:

(A) Ensuring that prior to performing a peer review, a peer reviewer or a peer review team takes adequate steps in planning a peer review to include the following: (i) obtain the results of a firm's prior peer review (if applicable), (ii) obtain sufficient understanding of the nature and extent of a firm's accounting and auditing practice, (iii) obtain a sufficient understanding of a firm's system of quality control and the manner in which the system is monitored by a firm, and (iv) select a representative cross-section of a firm's engagements.

(B) In performing a peer review, the peer reviewer or peer review team shall test the reviewed engagements while assessing the adequacy of and compliance with a firm's system of quality control. The peer review is intended to provide the peer reviewer or peer review team with reasonable basis for expressing an opinion as to whether a firm's system of quality control is suitably designed and complied with by a firm's personnel such that the firm has reasonable assurance of performing and reporting on engagements in conformity with applicable professional standards.

(2) For peer reviews performed in accordance with subsection (a)(2) of this section, a peer review program's guidelines and/or standards shall include the following:

(A) Ensuring that prior to performing a peer review, a peer reviewer or peer review team select a representative cross-section of a firm's accounting and auditing engagements to include at a minimum one engagement for each partner, shareholder, owner, principal, or licensee authorized to issue reports.

(B) In performing a peer review, the peer reviewer or peer review team shall review the selected engagements to determine if the engagements were performed in conformity with the applicable professional standards.

(3) Nothing in a peer review program provider's guidelines and/or standards shall prohibit a peer reviewer or peer review team from disclosing pertinent peer review-related information regarding a firm to a subsequent peer reviewer.

(e) Peer Review Program Plan of Administration and Accepting Peer Review Reports

(1) The administration plan shall clearly outline the manner in which the peer review program provider intends on administering peer reviews and shall, at a minimum, include the following:

(A) Identify a peer review committee, and if necessary subcommittees, and employ knowledgeable staff for the operation of the review program as needed.

(B) Establish and perform procedures for ensuring that reviews are performed and reported on in accordance with the program's established standards for performing and reporting on peer reviews.

(C) Establish a program to communicate to firms participating in the peer review program the latest developments in peer review standards and the most common findings in peer reviews conducted by the Board-recognized peer review program provider.

(D) Establish and document procedures for an adjudication process designed to resolve any disagreement(s) which may arise out of the performance of a peer review, and resolve matters which may lead to the dismissal of a firm from the provider's peer review program.

(E) Establish guidelines for prescribing remedial or corrective actions designed to assure correction of the deficiencies identified in a firm's peer review report.

(F) Establish guidelines for monitoring the prescribed remedial and corrective actions to determine compliance by the reviewed firm.

(G) Establish and document procedures for ensuring adequate peer reviewers to perform peer reviews. This shall include ensuring a breadth of knowledge related to industry experience.

(H) Establish and document procedures to ensure the qualifications of peer reviewers and to evaluate a peer reviewer's performance on peer reviews.

(I) Establish a training program or training programs designed to maintain or increase a peer reviewer's currency of knowledge related to performing and reporting on peer reviews.

(J) Establish and document procedures to ensure that a firm requiring a peer review selects a peer reviewer with similar practice experience and industry knowledge, and peer reviewer is performing a peer review for a firm with which the reviewer has similar practice experience and industry knowledge.

(K) Require the maintenance of records of peer reviews conducted under the program. Such records shall include, at a minimum, written records of all firms enrolled in the peer review program and documents required for submission under Section 46, with these documents to be retained until the completion of a firm's subsequent peer review.

(L) Provide to the Board's Peer Review Oversight Committee access to all materials and documents required for the administration of peer reviews.

(2) As required by subsection (e)(1)(A) of this section, the peer review program provider shall establish a peer review committee to assist in the review and acceptance of peer review reports. The peer review program provider's committee shall:

(A) Meet regularly to consider and accept peer review reports.

(B) Assist the peer review program provider in resolving instances in which there is a lack of cooperation and agreement between a peer reviewer and/or reviewed firm in accordance with the peer review program's adjudication process.

(C) Make a final determination on a peer review report pursuant to subdivision (b).

(f) The peer review committee established by the peer review program provider shall comply with the following in relation to the composition of the committee:

(1) All committee members shall meet the peer reviewer qualification requirements established in Section 48(c).

(2) In determining the size of the committee, consideration shall be given to the requirement for broad industry experience, and the likelihood that some members will need to recuse themselves from some reviews as a result of the member's close association to the firm or having performed the review.

(3) No committee member may concurrently serve as a member of the Board.

(4) A committee member may not participate in any discussion or have any vote with respect to a reviewed firm when the member lacks independence as defined by California Code of Regulations Section 65 or has a conflict of interest. Examples of conflicts of interest include, but are not limited to:

(A) the member's firm has performed the most recent peer review of the reviewed firm's accounting and auditing practice.

(B) the member served on the review team which performed the current or the immediately preceding review of the firm.

(C) the member believes he/she cannot be impartial or objective.

(5) Each member of the committee shall comply with all confidentiality requirements. The peer review program provider shall annually require its committee members to sign a statement acknowledging their appointments and the responsibilities and obligations of their appointments.



**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>



**CBA Item IX.F.**  
November 17-18, 2011

## **Role of the Peer Review Oversight Committee in Developing Peer Review Enforcement Guidelines**

**Presented by:** Rafael Ixta, Enforcement Chief

**Date:** October 20, 2011

---

### **Purpose of the Item**

At the July 21, 2011 CBA meeting, a question regarding the role of the Peer Review Oversight Committee (PROC) were raised. The purpose of this agenda item is to provide clarification and a common understanding of the role of the PROC.

### **Action Needed**

No specific action is required on this agenda item.

### **Background**

In January 2008, the CBA adopted the Committee on Professional Conduct's (CPC) recommended roles and responsibilities for the Peer Review Oversight Committee (PROC) as follows:

- Oversee the activities of sponsoring organizations related to how peer reviews are processed and evaluated.
- Ensure the sponsoring organizations are adhering to the American Institute of Certified Public Accountants (AICPA) *Standards for Performing and Reporting on Peer Reviews* (Standards).
- Ensure that peer reviewers are properly qualified.
- Ensure that peer reviews are being accepted in a consistent manner by the sponsoring organization's report acceptance body.
- Conduct sight visits of sponsoring organizations and their peer review committees.
- Perform random sampling of peer review reports.
- Represent the Board at the AICPA's Peer Review Board meetings.
- Evaluate organizations outside the AICPA structure that desire to administer peer reviews in California.

Business and Professions Code Section 5076.1 created the PROC. The PROC provides recommendations to the CBA to ensure the effectiveness of mandatory peer review.

**Comments**

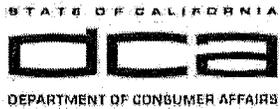
In September 2010, the Enforcement Program Oversight Committee (EPOC) adopted the Manual of Disciplinary Guidelines and Model Disciplinary Orders, 7<sup>th</sup> Edition, 2010. This edition incorporates disciplinary guidelines for non-compliance with peer review laws and regulations.

**Recommendations**

None

**Attachments**

1. Excerpt from January 17-18, 2008 CBA Meeting Minutes

**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.dca.ca.gov/cba>

**Attachment 1**

**DEPARTMENT OF CONSUMER AFFAIRS  
 CALIFORNIA BOARD OF ACCOUNTANCY**

**FINAL**

**MINUTES OF THE  
 JANUARY 17-18, 2008  
 BOARD MEETING**

Hotel Kabuki  
 1625 Post Street  
 San Francisco, CA 94115  
 Telephone: (415) 922-3200  
 Facsimile: (415) 614-5498

**I. Call to Order.**

President Donald Driftmier called the meeting to order at 2:00 p.m. on Thursday, January 17, 2008, at the Hotel Kabuki and the Board heard Agenda Items III., VI., VII., IX.B., and XII.A.1. The meeting adjourned at 3:07 p.m. Mr. Driftmier again called the meeting to order at 8:36 a.m. on Friday, January 18, 2008, and the Board and ALJ Steven Owyang heard Agenda Item XII.A. The Board convened into closed session at 9:52 a.m. to deliberate Agenda Item XII.A. The meeting reconvened into open session at 10:20 a.m. and the Board and ALJ Steven Owyang heard Agenda Item XII.B. The Board again convened into closed session at 11:25 a.m. to deliberate Agenda Item XII.B. and also to consider Agenda Items XII.C-K. The meeting reconvened into open session at 12:40 p.m. and adjourned at 12:58 p.m.

Board MembersJanuary 17, 2008

Donald Driftmier, President	2:00 p.m. to 3:07 p.m.
Robert Petersen, Vice President	2:00 p.m. to 3:07 p.m.
Rudy Bermúdez, Secretary-Treasurer	2:00 p.m. to 3:07 p.m.
Sally Anderson	2:00 p.m. to 3:07 p.m.
Richard Charney	2:00 p.m. to 3:07 p.m.
Angela Chi	2:00 p.m. to 3:07 p.m.
Lorraine Hariton	2:00 p.m. to 3:07 p.m.
Leslie LaManna	2:00 p.m. to 3:07 p.m.
Bill MacAloney	2:00 p.m. to 3:07 p.m.
Marshal Oldman	2:00 p.m. to 3:07 p.m.
Manuel Ramirez	2:00 p.m. to 3:07 p.m.
David Swartz	2:00 p.m. to 3:07 p.m.
Lenora Taylor	2:00 p.m. to 3:07 p.m.
Stuart Waldman	Absent

the CPC recommended that the Board accept Option 1, which is the incorporation of the AICPA's standards by reference into regulation as the minimum standards for program administration of a peer review program.

**It was moved by Mr. Ramirez, seconded by Mr. Swartz, and carried to approve the CPC's recommendations. Ms. Chi, Ms. Hariton, and Mr. Oldman were temporarily absent. Mr. Bermúdez was absent.**

Mr. Ramirez noted that the 2005 report on peer review recommended that the Board should oversee the peer review program. Additionally, NASBA issued a report recommending that boards oversee their peer review programs. Also, the staff's survey of states indicates that 66 percent of the surveyed respondents with peer review programs had oversight by the respective boards. Mr. Ramirez reported that the CPC recommended that the Board accept Option 2, which states that through regulation, the Board would establish a Peer Review Oversight Committee that would independently oversee the Board-approved administering entities, with additional responsibilities as follows:

- Overseeing the activities of sponsoring organizations related to how peer reviews are processed and evaluated,
- Ensuring the sponsoring organizations are adhering to the AICPA standards,
- Ensuring that peer reviewers are properly qualified,
- Ensuring that peer reviews are being accepted in a consistent manner by the sponsoring organization's report acceptance body.
- Conducting site visits of sponsoring organizations and their peer review committees,
- Performing random sampling of peer review reports,
- Representing the Board at the AICPA's National Peer Review Committee and the CalCPA Peer Review Committee meetings.

**It was moved by Mr. Ramirez, seconded by Ms. Anderson, and carried to adopt the CPC's recommendations. Ms. Chi, Ms. Hariton, and Mr. Oldman were temporarily absent. Mr. Bermúdez was absent.**

Mr. Ramirez stated that the CPC also recommended that the Board accept that the Peer Review Oversight Committee serve as the evaluation body for other entities (other than the AICPA) seeking to be peer review providers in California. The CPC also directed staff to include the review/approval of other organizations desiring to administer peer review programs. In a special February 2008 Board meeting, staff will present to the Board its recommendations related to the following:

- Program oversight committee composition,
- Estimated number of meetings,

- Required time commitments,
- Review/approval of other administering organizations.

**It was moved by Mr. Ramirez, seconded by Dr. Charney, and carried to adopt the CPC's recommendations. Ms. Chi, Ms. Hariton, and Mr. Oldman were temporarily absent. Mr. Bermúdez was absent.**

Mr. Ramirez reported that regarding Documents Required for Submission, the CPC discussed the system review papers provided by Mr. Brackens and a legal guidance memorandum drafted by Mr. Ritter regarding document submission. Ms. Werner provided information on confidentiality requirements for documents related to current or closed investigations. She noted that investigation-related documents could become subject to public disclosure only if introduced into evidence in a public hearing or if subpoenaed by a court.

Mr. Ramirez stated that it was noted by Mr. Brackens that if firms "opt out" of their peer review information being made available on the AICPA's database, that this would serve as a red flag to the Board to request information from those firms. Additionally, Mr. Brackens also stated that the Board could request a list of California "failed" peer reviews as often as desired.

Mr. Ramirez reported that the CPC also discussed the issue of repeat "pass with deficiency" firms if the deficiency is the same in two consecutive peer reviews. During the discussion, Ms. McCrone indicated that experience has shown such firms either immediately correct the deficiency or they drop that portion of their services. Thus, a repeat of the same deficiency would be extremely rare. It was suggested that the review committee could address any firms with repeat "pass with deficiency" ratings.

Mr. Ramirez stated that the CPC recommended that the Board accept a modified version of Option 1, firms that receive a rating of "pass" or "pass with deficiency" shall be required to self certify the peer review results and submit its documents to the Board upon request. Firms that receive a peer review rating of "failed" shall be required to submit selected documents to the Board or the AICPA Web site. During the discussion, Mr. Newington noted that requesting information from firms receiving a "pass with deficiency" rating could significantly add to the workload of current Enforcement staff. Therefore, the determination as to whether to request such documents would be tied directly to the availability of staff resources.

**It was moved by Mr. Ramirez, seconded by Ms. Anderson, and carried to adopt the CPC's recommendations. Mr. Bermúdez was absent.**

5. Discussion of Administrative Suspension and Other Enforcement Options Related to Cross-Border Practice.

Mr. Ramirez reported that during the discussion, Mr. Ritter stated that an out-of-state practitioner must have a license in good standing to perform cross-border practice in California. If the practitioner has been convicted of a crime, then he or she has had due process, and they are prohibited from



**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>



**CPC Item II. CBA Item X.B.2.**  
November 17, 2011 November 17-18, 2011

**Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4 and Amend Sections 70, 71, and 87.1 – Retired Status**

**Presented by:** Kari O'Connor, Special Projects Analyst  
**Date:** November 2, 2011

---

**Purpose of the Item**

As a result of the governor signing AB 431, staff is providing, for California Board of Accountancy (CBA) member review and deliberation, proposed regulations to implement a retired status option for Certified Public Accountants (CPAs) and Public Accountants (PAs).

**Action(s) Needed**

The CBA will be asked to approve the proposed regulations and direct staff to initiate the rulemaking process for retired status.

**Background**

On October 2, 2011, AB 431 was signed into law allowing the CBA to establish a retired status for its licensees. The new law takes effect on January 1, 2012. In order to implement a retired status, the CBA will need to establish regulations outlining the minimum qualifications for the status, as well as other possible provisions.

Building on decisions made by the CBA in 2010 and 2011, staff has drafted regulatory language to implement the retired status (**Attachment 1**).

**Comments**

**Summary of Proposed Regulations for Article 2.5 – Retired Status**

The following is a brief overview of the regulatory language for retired status.

*Section 15-Retired Status*

Specifies that the holder of a license in a retired status shall not practice public accountancy.

## **Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4 and Amend Sections 70, 71, and 87.1 – Retired Status**

Page 2 of 3

### *Section 15.1-Application for Retired Status*

Establishes the requirements for applying for a license in a retired status. These include; submitting an application, paying the application fee (\$100), having a CPA license from any jurisdiction for a minimum of twenty total years, including five years with a California CPA/PA license in an active status.

### *Section 15.2-Renewal of a License in a Retired Status*

Outlines the requirements for renewing a license in retired status. There is no renewal fee required. A licensee must renew their license in a retired status during the same time period in which their active license was to be renewed. There is no continuing education (CE) required to renew a license in a retired status. This language is identical to the requirements for renewal of a license in an inactive status.

### *Section 15.3-Restoration of a License from a Retired Status to Active Status*

Sets forth the requirements for restoring a license in a retired status to an active status. These requirements consist of paying all accrued renewal fees and complying with CE requirements that are equivalent to those required to convert an inactive status license to active status.

### *Section 15.4-Limitation on Retired Status*

Establishes that licensees are limited to retiring twice. At its May 2011 meeting, the CBA decided that licensees should only be able to restore their license to an active status one time. As the regulations were being written, it was determined that the CBA's May 2011 decision would require a legislative change. This is due to the fact that a licensee who restores their license would be able to retire a second time, but they would not be able to become active again, as there is no statutory authority for cancelling a license in a retired status and reissuing a new license.

In order to maintain the intent of the CBA's May 2011 decision, but stay within the scope of a regulatory change, staff wrote Section 15.4 to limit the number of times a licensee may retire their license to two. This will allow the licensee to restore their license to an active status a second time, but it may not be retired again. If the CBA decides it would rather limit the restoration of a license to one time, as it did in May 2011, a legislative solution would be pursued during the 2012 legislative year.

### *Section 70(i)(1)-Fees*

Establishes the application fee for a license in a retired status to be \$100.

### *Section 70(i)(2)-Fees*

Defines the reinstatement fee as all accrued renewal fees if the licensee had been renewing with active status, not to exceed \$1,000.

**Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4 and Amend Sections 70, 71, and 87.1 – Retired Status**

Page 3 of 3

*Section 71(c)-Abandonment of the Application*

Requires a retired status application to be “abandoned” if the applicant fails to complete the application within two years of submission or within one year of notification by the CBA of a deficiency in the application.

*Section 87.1-Conversion or Restoration to Active Status Prior to Renewal*

Sets the requirements for restoring a license in a retired status back to active status prior to renewal. The continuing education requirements for restoring a retired license back to active are the same as converting an inactive status license back to active status.

**Recommendation**

Staff recommends CBA members approve the proposed regulations and direct staff to initiate a rulemaking process for retired status.

**Attachment**

Proposed Regulatory Language

## **PROPOSED REGULATORY LANGUAGE**

Adopt Sections 15, 15.1, 15.2, 15.3 and 15.4 in Article 2.5 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Article 2.5 – Retired Status**

#### **Section 15 – Retired Status**

Upon application, a licensee may request to have his/her license placed in a retired status. The holder of a license in a retired status shall not engage in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code. This section does not prohibit a holder of a license in a retired status from receiving a share of the net profits from a public accounting firm or other compensation from a public accounting firm, provided that the licensee does not otherwise engage in the practice of public accountancy.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code. Reference: Section 5070.1, Business and Professions Code.

#### **Section 15.1 – Application for Retired Status**

(a) A licensee of the Board shall apply for a license in a retired status on the following form: Application to Have a License Placed in a Retired Status, Form 11R-48 (11/11) which is hereby incorporated by reference.

(b) For an application to be approved, a licensee applying to have his/her license placed in a retired status shall have held a license as a certified public accountant or public accountant in the United States or its territories for a minimum of twenty total years; and during those twenty years, from the Board for a minimum of five years in an active status.

(c) An applicant for placing a license in a retired status shall pay the application fee required by Section 70(i)(1).

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code. Reference: Section 5070.1, Business and Professions Code.

#### **Section 15.2 – Renewal of a License in a Retired Status**

(a) A licensee shall renew a license in a retired status during the same time period in which a license in an active status is renewed.

(b) The fee for renewal described in Section 70(e) is not applicable at the time of renewal for a licensee renewing a license in a retired status.

(c) The continuing education requirements described in Section 87 are not applicable at the time of renewal for a licensee renewing a license in a retired status.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

### **Section 15.3 – Restoration of a License from a Retired Status to Active Status**

(a) At the time of renewal, the holder of a license in a retired status may restore his/her license to an active status by paying the fee described in Section 70(i)(2) and complying with the continuing education requirements as described in Section 87. A minimum of 20 hours of continuing education shall be completed in the one-year period immediately preceding the time of renewal, 12 hours of which must be in subject areas described in Section 88(a)(1).

(b) The holder of a license in a retired status may restore the license to an active status prior to the next renewal by paying the fee described in Section 70(i)(2) and by meeting the continuing education requirements as described in Section 87.1.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

### **Section 15.4 – Limitation on Retired Status**

A licensee may be granted a license in a retired status under this Article on no more than two separate occasions.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

Amend Sections 70 and 71 in Article 10 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Section 70 – Fees**

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) (1) The fee to be charged a licensee for submission of an application for a license in a retired status pursuant to Section 15.1 shall be \$100.

(2) The fee to restore a license from a retired status to an active status shall be equal to the fees accrued had the licensee been renewing in an active status, and the total shall not exceed \$1000.

(i) (j) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately nine months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

Note: Authority cited: Sections 5010 and 5134, Business and Professions Code.  
Reference: Sections 122, 163, 5070.1, 5096, and 5134 Business and Professions Code.

## **Section 71 – Abandonment of the Application**

- (a) An applicant for the paper and pencil examination who fails to appear for the examination shall be deemed to have abandoned the application and shall forfeit the examination fee.
- (b) A first-time applicant for an Authorization to Test pursuant to Section 8.1 shall be deemed to have abandoned the application and shall forfeit any application fee if the applicant fails to complete the application within one year of notification by the Board of any deficiency in the application.
- (c) An application for a certificate, permit, registration, or license, including any application for renewal or retired status, shall be deemed abandoned and any application fee shall be forfeited, if the applicant fails to complete the application within two years of its original submission or within one year of notification by the Board of any deficiency in the application.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code.  
Reference: ~~Section~~ Sections 5010, 5070.1, and 5134, Business and Professions Code.

Amend Section 87.1 in Article 12 of Division 1 of Title 16 of the California Code of Regulations to read:

**Section 87.1 – Conversion or Restoration to Active Status Prior to Renewal**

- (a) A licensee who has ~~renewed his/her~~ a license in an inactive or retired status may convert, or restore, the license to an active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, to include the Ethics Continuing Education Requirement described in Section 87(b), within the 24-month period prior to converting to active status, of which a minimum of 20 hours shall be completed in the one-year period immediately preceding conversion to an active status, with a minimum of 12 hours in subject areas described in subsection (a)(1) of Section 88; (2) completing the regulatory review course described in Section 87.8 if more than six years have elapsed since the licensee last completed the course; (3) applying to the Board in writing requesting to convert the license to an active status; and (4) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion of the license to an active status has been approved.
- (b) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert his/her license to an active status under subsection (a). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).
- (c) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(d) as part of

the 80 hours of continuing education required to his/her license to an active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(e). This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c).

(e) Once a license is converted to an active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full six month period from the date of license conversion to an active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to an active status and the next license expiration date is less than six full months, no additional continuing education is required for license renewal.

(f) Once a license is converted to an active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(c). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (g).

(g) Once a license is converted to an active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(d).

Note: Authority cited: Sections 5010 and 5027, Business and Professions Code.  
Reference: Section 5028, Business and Professions Code.



**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>



**Application to have a License Placed in Retired Status**  
**Application Fee \$100**

NAME	EMAIL ADDRESS (OPTIONAL)
ADDRESS OF RECORD	HOME/CELL PHONE NUMBER
CITY, STATE, ZIP	BUSINESS PHONE NUMBER

1. Do you declare that you do not intend to practice public accountancy with a license in a retired status?  YES  NO
2. Do you declare that you are not aware of any pending or current enforcement action against your license?  YES  NO
3. Have you held a license as a certified public accountant or public accountant in the United States or its territories for a minimum of twenty total years?  YES  NO

State or Territory in which license was held	License Number	Number of years license held

4. Have you held a California certified public accountant or public accountant license in an active status for a minimum of five years?  YES  NO

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form are true, complete, and accurate.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PERSONAL INFORMATION COLLECTION NOTICE:** The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for a Retired Certified Public Accountant/Public Accountant License. Sections 5009, 5026 through 5029, 5060, 5070 through 5079, and 5150 through 5158 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the CBA, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the CBA is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.



**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>



**CPC Item II.**

November 17, 2011

**CBA Item X.B.2.**

November 17-18, 2011

**Addendum to Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Sections 15, 15.1, 15.2, 15.3, 15.4, and Amend Sections 70, 71 and 87.1-Retired Status**

**Presented by:** Kari O'Connor, Special Projects Analyst

**Date:** November 9, 2011

---

**Purpose of the Item**

This item is an overview of recent changes to the proposed regulatory language for retired status (**Attachment 1**) which were made on the advice of legal counsel.

**Action(s) Needed**

The CBA will be asked to approve the proposed regulations and direct staff to initiate the rulemaking process for retired status.

**Background**

As indicated in the original agenda item, staff have prepared proposed regulatory language to initiate the rulemaking process to implement retired status.

**Comments**

At the advice of legal counsel, staff have made several technical changes to the proposed regulatory language for retired status. The most substantial changes are described as follows:

- Section 15(b)- This section was changed to clarify that the CBA can discipline a retired license for violating the rules regarding retired status.
- Section 15.1(b)- This section was changed to clarify that the CBA has the authority to deny an application for retired status.
- Section 70(i)(2)- This section was changed due to legal counsel's assertion that the requirement in law that the restoration fee "shall be fixed by the board," means that a specific dollar amount must be listed. The proposed language to resolve this issue maintains the spirit of the CBA's direction from the May 2011 CBA meeting that required licensees to pay back renewal fees to restore their license.

**Recommendation**

Staff recommends CBA members approve the proposed regulations and direct staff to initiate a rulemaking process for retired status.

**Attachments**

Proposed Regulatory Language (Revised)

## **PROPOSED REGULATORY LANGUAGE**

Adopt Sections 15, 15.1, 15.2, 15.3 and 15.4 in Article 2.5 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Article 2.5 – Retired Status**

#### **Section 15 – Retired Status**

(a) Upon application to the Board and compliance with this Article and Section 5070.1 of the Business and Professions Code, a licensee may have his or her license placed in a retired status. The holder of a license in a retired status shall not engage in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code. This section does not prohibit a holder of a license in a retired status from receiving a share of the net profits from a public accounting firm or other compensation from a public accounting firm, provided that the licensee does not otherwise engage in the practice of public accountancy.

(b) Failure to maintain compliance with this Article and Sections 5058.3 or 5070.1 of the Business and Professions Code is unprofessional conduct and grounds for revocation or discipline of the retired license.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Sections 5070.1, 5058.3, 5100, and 5109, Business and Professions Code.

#### **Section 15.1 – Application for Retired Status**

(a) To be eligible for a license in a retired status, a licensee of the Board shall submit a completed application to the Board on Form 11R-48 (11/11) which is hereby incorporated by reference.

(b) A licensee applying to have his or her license placed in a retired status shall have held a license as a certified public accountant or public accountant in the United States or its territories for a minimum of twenty total years; and during those twenty years, from the Board for a minimum of five years in an active status. Failure to meet the requirements of this Article and Section 5070.1 of the Business and Professions Code is grounds for denial of the application.

(c) In order to place a license in a retired status, an applicant shall pay the application fee required by Section 70(i)(1).

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

#### **Section 15.2 – Renewal of a License in a Retired Status**

(a) A licensee shall renew a license in a retired status during the same time period in which a license in an active status is renewed.

(b) The fee for renewal described in Section 70(e) is not applicable at the time of renewal for a licensee renewing a license in a retired status.

(c) The continuing education requirements described in Section 87 are not applicable at the time of renewal for a licensee renewing a license in a retired status.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

### **Section 15.3 – Restoration of a License from a Retired Status to Active Status**

(a) At the time of renewal, the holder of a license in a retired status may restore his or her license to an active status by paying the fee described in Section 70(i)(2) and complying with the continuing education requirements as described in Section 87. A minimum of 20 hours of continuing education shall be completed in the one-year period immediately preceding the time of renewal, 12 hours of which must be in subject areas described in Section 88(a)(1).

(b) The holder of a license in a retired status may restore the license to an active status prior to the next renewal by paying the fee described in Section 70(i)(2) and by meeting the continuing education requirements as described in Section 87.1.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

### **Section 15.4 – Limitation on Retired Status**

A licensee may be granted a license in a retired status under this Article on no more than two separate occasions.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.  
Reference: Section 5070.1, Business and Professions Code.

Amend Sections 70 and 71 in Article 10 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Section 70 – Fees**

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) (1) The fee to be charged a licensee for submission of an application for a license in a retired status pursuant to Section 15.1 shall be \$100.

(2) The fee to restore a license from a retired status to an active status shall be based on the amount of time that has elapsed since the retired status was granted to the time a written request for a restoration and the restoration fee is received by the Board is as follows:

(A) 24 months and less - \$200;

(B) 24 months and one day to 48 months - \$400;

(C) 48 months and one day to 72 months - \$600;

(D) 72 months and one day to 96 months - \$800;

(E) More than 96 months - \$1000.

(j) (i) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately nine months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are

indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

Note: Authority cited: Sections 5010 and 5134, Business and Professions Code.  
Reference: Sections 122, 163, 5070.1, 5096, and 5134 Business and Professions Code.

### **Section 71 – Abandonment of the Application**

(a) An applicant for the paper and pencil examination who fails to appear for the examination shall be deemed to have abandoned the application and shall forfeit the examination fee.

(b) A first-time applicant for an Authorization to Test pursuant to Section 8.1 shall be deemed to have abandoned the application and shall forfeit any application fee if the applicant fails to complete the application within one year of notification by the Board of any deficiency in the application.

(c) An application for a certificate, permit, registration, or license, including any application for renewal or retired status, shall be deemed abandoned and any application fee shall be forfeited, if the applicant fails to complete the application within two years of its original submission or within one year of notification by the Board of any deficiency in the application.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code.  
Reference: ~~Section~~ Sections 5010, 5070.1, and 5134, Business and Professions Code.

Amend Section 87.1 in Article 12 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Section 87.1 – Conversion or Restoration to Active Status Prior to Renewal**

(a) A licensee who has ~~renewed his/her~~ a license in an inactive or retired status may convert, or restore, the license to an active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, to include the Ethics Continuing Education Requirement described in Section 87(b), within the 24-month period prior to converting to active status, of which a minimum of 20 hours shall be completed in the one-year period immediately preceding conversion to an active status, with a minimum of 12 hours in subject areas described in subsection (a)(1) of Section 88; (2) completing the regulatory review course described in Section 87.8 if more than six years have elapsed since the licensee last completed the course; (3) applying to the Board in writing requesting to convert the license to an active status; and (4) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion of the license to an active status has been approved.

(b) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or conducted substantial portions of field work, or reported on

financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert his/her license to an active status under subsection (a). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(d) as part of the 80 hours of continuing education required to his/her license to an active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(e). This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c).

(e) Once a license is converted to an active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full six month period from the date of license conversion to an active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to an active status and the next license expiration date is less than six full months, no additional continuing education is required for license renewal.

(f) Once a license is converted to an active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(c). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (g).

(g) Once a license is converted to an active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(d).

Note: Authority cited: Sections 5010, ~~and 5027~~, and 5070.1, Business and Professions Code. Reference: ~~Section~~ Sections 5028 and 5070.1, Business and Professions Code.



**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>



**CPC Item III.**  
November 17, 2011

**CBA Item X.B.3**  
November 17-18, 2011

**Discussion on Title 16, CCR Sections 87(e) and 87.1(d) –  
Eight-Hour Fraud Continuing Education Requirement**

**Staff:** Deanne Pearce/Licensing Division Chief

**Date:** October 21, 2011

---

**Purpose of the Item**

The purpose of this item is to provide California Board of Accountancy (CBA) members the opportunity to discuss the present eight-hour continuing education (CE) requirement for a course in the detection and/or reporting of fraud in financial statements (Fraud CE).

**Action(s) Needed**

Determine whether the CBA should amend the CBA Regulation Sections 87(e) and 87.1(d) (**Attachment 1**) related to Fraud CE.

**Background**

In January 2003, a memorandum was presented for CBA member consideration (**Attachment 2**) discussing whether licensees who were subject to either the 24-hour Accounting and Auditing (A&A) or 24 hour Government CE requirement should also be required to complete CE specific to the detection and/or reporting of fraud in financial statements.

During that meeting, members discussed how there have been significant losses incurred by investors as a result of corporate management engaging in fraudulent conduct. As a result, they discussed whether it was reasonable for licensees who perform A&A or government auditing to devote 10 percent of their required CE hours towards fraud detection. Members at that time discussed whether the requirement should be included within the present 24-hour requirement for A&A or Government CE or be separate. The final (unanimous) motion was that the members wanted to create a separate eight-hour Fraud CE requirement. This requirement must be completed for license renewal or when a licensee is converting their license from inactive to active status.

## **Discussion on Fingerprinting CPAs Licensed Prior to January 1998**

Page 2 of 2

In March 2003, the CBA members approved the regulatory language, a hearing was held in July 2003, and the requirement became effective on July 1, 2004. The final language is included for members as Attachment 1.

During the September 2011 CBA meeting, it was discussed that detection and/or reporting of fraud in financial statements may already be included in courses taken to meet the 24-hour A&A or Government CE requirement and that it may be worth reviewing the eight-hour Fraud CE requirement to determine whether this should be a separate requirement or be included within the existing 24-hour A&A and Government CE requirements.

### **Comments**

Staff performed preliminary research and obtained a sampling of existing A&A, Government, Fraud, and Combination Auditing and Fraud CE courses (**Attachment 3**) for members review. This is just a sampling of courses and there may be additional providers and courses available that staff can research based on CBA member direction.

Staff also contacted few other state boards of accountancy to determine what other Fraud CE requirements exist. A review of CE requirements in Texas, Florida, New York, and Illinois resulted in no specific requirements related to Fraud CE.

### **Recommendation**

It is difficult to quantify the impact the Fraud CE requirement has had on investors and CPAs alike during its seven year existence. Although staff have no specific recommendation on this particular issue, if members believe that consumer (investor) protection is occurring as a result of Fraud CE, they may wish to consider retaining the requirement and possibly incorporating it within - instead of in addition to - the 24-hour A&A and Government CE requirement.

- Attachment 1: CBA Regulation Section 87 Basic Requirements  
CBA Regulation Section 87.1 Conversion to Active Status Prior to Renewal
- Attachment 2: January 2003 CBA Memorandum, Regarding CE for Auditors to Detect Fraud and Irregularities
- Attachment 3: Samples of CE Course Outlines for A&A, Government CE, Fraud CE, and Auditing and Fraud Combination courses.

**California Code of Regulations  
Section 87 – Basic Requirements**

(a) 80 Hours. As a condition for renewing a license in an active status, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the two-year period immediately preceding license expiration, and meet the reporting requirements described in Section 89(a). A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in an active status. No carryover of continuing education is permitted from one license renewal period to another.

(1) A licensee renewing a license in an active status after December 31, 2011, shall complete a minimum of 20 hours in each year of the two-year license renewal period, with a minimum of 12 hours of the required 20 hours in subject areas as described in Section 88(a)(1).

**(b) Ethics Continuing Education Requirement**

A licensee renewing a license in an active status after December 31, 2009 shall complete four hours of the 80 hours of continuing education required pursuant to subsection (a) in course subject matter specified pertaining to the following: a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities; case-based instruction focusing on real-life situational learning; ethical dilemmas facing the accounting profession; or business ethics, ethical sensitivity, and consumer expectations. Courses must be a minimum of one hour as described in Section 88.2.

**(c) Government Auditing Continuing Education Requirement.**

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (d).

**(d) Accounting and Auditing Continuing Education Requirement.**

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter pertaining to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. If no report is issued because the financial statements are not intended for use by third parties, the continuing education shall be completed in the same two-year license renewal period as the financial statements are submitted to the client.

(e) A licensee who must complete continuing education pursuant to subsections (c) and/or (d) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements. This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (c) or (d).

(f) New Licensees.

(1) A licensee receiving an initial license shall be required to complete 20 hours of continuing education as described in Section 88, for each full six month interval in the initial license period as a condition of renewing a license in an active status.

(2) A licensee engaged in governmental auditing, as described in subsection (c), at any time during the initial license period shall complete six hours of governmental continuing education, as described in subsection (c), as part of each 20 hours of continuing education required for renewing the license in an active status. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (f)(3).

(3) A licensee who provides audit, review, compilation, or attestation services, as described in subsection (d), at any time during the initial license period shall complete six hours of accounting and auditing continuing education, as described in subsection (d), as part of each 20 hours of continuing education required for renewing the license in an active status.

(4) If the initial license period is less than six full months, there is no continuing education required for renewing the license in an active status.

(g) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act.

Note: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028 and 5051, Business and professions Code.

## California Code of Regulations

### Section 87.1 – Conversion to Active Status Prior to Renewal

(a) A licensee who has renewed his/her license in an inactive status may convert the license to an active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, to include the Ethics Continuing Education Requirement described in Section 87(b), within the 24-month period prior to converting to active status, of which a minimum of 20 hours shall be completed in the one-year period immediately preceding conversion to an active status, with a minimum of 12 hours in subject areas described in subsection (a)(1) of Section 88; (2) completing the regulatory review course described in Section 87.8 if more than six years have elapsed since the licensee last completed the course; (3) applying to the Board in writing requesting to convert the license to an active status; and (4) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion of the license to an active status has been approved.

(b) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or conducted substantial portions of field work, or reported on financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert his/her license to an active status under subsection (a). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(d) as part of the 80 hours of continuing education required to his/her license to an active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(e). This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c).

(e) Once a license is converted to an active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full six month period from the date of license conversion to an active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to an active status and the next license expiration date is less than six full months, no additional continuing education is required for license renewal.

(f) Once a license is converted to an active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(c). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (g).

(g) Once a license is converted to an active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(d).

Note: Authority cited: Sections 5010 and 5027, Business and Professions Code. Reference: Section 5028, Business and Professions Code.

**Attachment 2**

**M e m o r a n d u m**

CPC Agenda Item II

January 23, 2003

To : Navid Sharafatian, Chair  
Members, Committee on  
Professional Conduct (CPC)

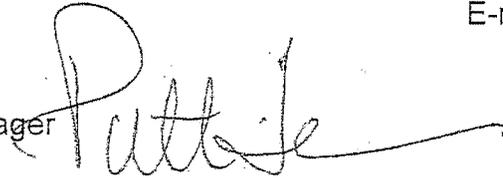
Date : January 7, 2003

Telephone : (916) 263-3982

Facsimile : (916) 263-3676

E-mail : pfranz@cba.ca.gov

From : Patti L. Franz  
Licensing Manager



Subject: CE for Auditors to Detect Fraud and Irregularities

Attached for the CPC's consideration is an issue paper discussing fraud detection courses for licensees who are subject to the accounting and auditing continuing education requirement of Section 87 of the California Board of Accountancy's Regulations. Fraud continuing education was recommended by the Board's Audit Standards and Practices Review Task Force and was included in the Board's *Report and Recommendations on Audit Standards and Practices*.

This agenda item is also on the Board's agenda as Board Agenda Item VIII.E.3 so that the Board can take action on the CPC's recommendation.

PF:rl

Attachment

## ISSUE PAPER

### CE Requirement for Auditors: Fraud Detection

#### ISSUE

Should courses in audit fraud detection be mandatory as part of the 24-hour accounting and accounting (A&A) continuing education (CE) requirement under Section 87 of the California Board of Accountancy Regulations?

#### BACKGROUND

The Board's *Report and Recommendations on Audit Standards and Practices* issued on April 15, 2002, was based upon the work and deliberations of the Board's Audit Standards and Practices Review Task Force. The Task Force recommended that the Board consider requiring continuing education specifically targeted to train auditors to detect fraud and irregularities. Both the Board and the Task Force concluded that it is desirable for licensees to be educated and current in the standards and procedures for detecting fraud and irregularities. These recommendations were also included in the Governor's Corporate Governance Task Force Report. The Board also resolved to study the issue of whether to require licensees to complete a specified number of hours in the detection of fraud and irregularities.

The American Institute of Certified Public Accountants (AICPA) recently issued a new fraud audit standard, Statement on Auditing Standards (SAS) No. 99 – Consideration of Fraud in a Financial Statement Audit, which is more far-reaching than its predecessor, SAS 82. The new standard includes “brainstorming the risks of fraud while emphasizing increased professional skepticism, discussions with management and others regarding their awareness of fraud, the use of unpredictable audit tests, and procedures to detect management’s override of controls.” In addition to SAS 99, the AICPA has developed anti-fraud initiatives, which include calling on CPAs to dedicate 10 percent of their continuing education hours to fraud subject matter.

Under Sections 5026 and 5027 of the Accountancy Act and Sections 87 through 90 of the Board of Accountancy Regulations, Certified Public Accountants (CPAs) and Public Accountants (PAs) are required to complete 80 hours of CE to renew their licenses in active status.

Section 5027 and Section 87 also require licensees who plan, direct, and perform substantial portions of work or sign financial statements to complete 24 of the 80 hours of CE in A&A courses (see Attachments 1 and 2).

Section 87 also requires licensees who plan, direct, conduct substantial portions of field work, or report on financial or compliance audits of a governmental agency to complete 24 hours of the 80 hours of CE in government audit-related courses. A licensee who meets the government audit CE requirement is considered to have satisfied the A&A requirement.

While many course titles relate to detecting fraud during an audit, some courses do not appear directly related to audit situations, e.g. *Recognizing Ponzi Schemes, The Fraud Identification Handbook, or Corporate Espionage* (see Attachment 5). The Board accepts only CE courses that comply with the California Accountancy Act and Sections 88 – 89 of the California Board of Accountancy Regulations and A&A courses that also comply with Section 87.

### **Other States' Requirements**

Staff contacted other states' accountancy boards to determine if they currently offer/require fraud CE as part of their A&A requirement. Of the 14 states contacted, most do not have an A&A requirement and none requires fraud CE as part of their CE requirement. However, the states that register CE providers would accept fraud CE if the provider was registered with their board.

### **DISCUSSION**

If the Board determines that specific audit fraud knowledge is desirable and should be mandated for licensees who perform audits and attest services, should this requirement apply to all licensees required to complete government auditing and A&A CE, including licensees who only report on compilations and reviews?

In addition, how many hours of audit fraud CE would provide a sufficient foundation without impacting other areas of knowledge maintained by the A&A requirement? Is four hours too few or eight hours too many? In addition, should fraud courses be limited to the types currently accepted – courses related to auditing for fraud detection or should general fraud courses be accepted as well?

Alternately, fraud CE could be required apart from the 24-hour A&A requirement and counted as technical CE as part of the minimum 40-hour requirement. Licensees who are required to complete A&A could be mandated to complete fraud CE.

### **ATTACHMENTS**

1. Section 5027 of the California Accountancy Act (Business and Professions Code)
2. Section 87 of the California Board of Accountancy Regulations
3. Examples of A&A fraud courses
4. CPEMARKET.COM list of fraud courses
5. Course descriptions from non-audit specific fraud courses

### **Licensees Completing A&A**

From January 1, 2000, to December 31, 2001, 34,400 licensees renewed in active status. Of these, 17,000 licensees (49 percent) were required to complete A&A courses during the two years preceding license renewal because they had planned, directed, approved, performed substantial portions of the work, or reported on an audit, review, compilation, or attestation service on a non-government entity while practicing public accounting.

To qualify as A&A, a course must be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. Course subject matter must pertain to financial statement preparation and/or reporting (whether prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services.

The Board accepts CE courses in qualifying subject areas from the following providers if they meet the requirements of Sections 87 through 90.

- National and state accounting organizations, including NASBA-registered CE sponsors.
- University or college courses.
- Other formal educational programs that meet the regulation requirements.
- Correspondence or self-study courses that meet the regulation requirements.

Licensees report biennially completed CE on the *CE Reporting Worksheet* on the reverse side of their license renewal form. The worksheets are reviewed for the number of CE hours claimed, course title, subject code (A&A, professional conduct & ethics, technical subject, or non-technical subject), and method of presentation.

### **Fraud Courses Currently Accepted as A&A**

The Board currently accepts courses with "fraud" in the title as A&A if the course is determined to qualify as A&A under Section 87, e.g. *Audit Planning: Integrating Fraud*, *Accountant's Guide to Fraud Detection and Control*, and *An Undercover Look at Financial Statement Fraud* (see Attachment 3). If a course title appears not to qualify as A&A, the licensee is requested to submit a course description for review. Non-A&A fraud courses may be accepted as technical CE, e.g. *Computer Fraud: Detection and Deterrence* and *Tax Fraud – Abusive Trusts*.

### **Available CE**

Staff visited multiple Web sites of CE providers and identified approximately 50 courses that contain "fraud" in the title or have a title that implies a fraud-type course curriculum. For example, *cpemarket.com*, a Web site operated by the National Association of State Boards of Accountancy (NASBA), lists a total of 38 fraud-related courses, most under the subject heading of A&A (see Attachment 4). Although NASBA, a course provider, or the certificate of completion may identify a course as A&A, that designation does not guarantee that the course will qualify as CE in all 50 states nor that the course will be accepted as A&A by a state's accountancy board.

## Attachment 1

### CALIFORNIA BUSINESS & PROFESSIONS CODE DIVISION 3. Professions and Vocations Generally CHAPTER 1. Accountants Article 1.5

5027. The board shall by regulation prescribe, amend, or repeal rules including, but not limited to, all of the following:

- (a) A definition of basic requirements for continuing education.
- (b) A licensee who plans, directs, or approves any financial or compliance audit report on any governmental agency shall complete a minimum of 24 hours of qualifying continuing education in the area of governmental accounting and auditing or related subjects during the two-year license renewal period.
- (c) A licensee who provides audit, review, other attestation services, or issues compiled financial statement reports shall, during the two-year license renewal period, complete a minimum of 24 hours of qualifying continuing education in the area of accounting and auditing related to reporting on financial statements.
- (d) A licensee with a valid permit to practice public accountancy shall, within a six-year period, complete a continuing education course on the provisions of this chapter and the rules of professional conduct.
- (e) A licensee on inactive status shall complete the continuing education course required by subdivision (d) prior to reentering public practice.
- (f) A delineation of qualifying programs for maintaining competency.
- (g) A system of control and compliance reporting. In exercising its power under this section for the interests of consumer protection, the board shall establish standards which will assure reasonable currency of knowledge as a basis for a high standard of practice by licensees. The standards shall be established in a manner to assure that a variety of alternatives are available to licensees to comply with the continuing education requirements for renewal of licenses and taking cognizance of specialized areas of practice.

## Attachment 2

### CALIFORNIA CODE OF REGULATIONS TITLE 16. Professional and Vocational Regulations DIVISION 1. Board of Accountancy Regulations Article 12

#### **Section 87. Basic Requirements.**

(a) 80 Hours.

As a condition of active status license renewal, a licensee shall complete at least 80 hours of qualifying continuing education as described in Section 88 in the two-year period immediately preceding license expiration, and meet the reporting requirements specified in subsection (a) of Section 89. A licensee engaged in the practice of public accountancy as defined in Section 5051 of the Business and Professions Code is required to hold a license in active status. No carryover of continuing education is permitted from one two-year license renewal period to another.

(b) Government Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, conducting substantial portions of field work, or reporting on financial or compliance audits of a governmental agency shall complete 24 of the 80 hours required pursuant to subsection (a) in the areas of governmental accounting, auditing or related subjects. This continuing education shall be completed in the same two-year license renewal period as the report is issued. A governmental agency is defined as any department, office, commission, authority, board, government-owned corporation, or other independent establishment of any branch of federal, state or local government. Related subjects are those which maintain or enhance the licensee's knowledge of governmental operations, laws, regulations or reports; any special requirements of governmental agencies; subjects related to the specific or unique environment in which the audited entity operates; and other auditing subjects which may be appropriate to government auditing engagements. A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) Accounting and Auditing Continuing Education Requirement.

A licensee who engages in planning, directing, performing substantial portions of the work, or reporting on an audit, review, compilation, or attestation service, shall complete 24 hours of the 80 hours of continuing education required pursuant to subsection (a) in the course subject matter specified in this subsection. Course subject matter must pertain to financial statement preparation and/or reporting (whether such statements are prepared on the basis of generally accepted accounting principles or other comprehensive bases of accounting), auditing, reviews, compilations, industry accounting, attestation services, or assurance services. This continuing education shall be completed in the same two-year license renewal period as the report is issued. This requirement applies to licensees who renew their licenses after July 1, 1998.

(d) New Licensees.

A licensee receiving an initial CPA license from the California Board of Accountancy shall be required to complete 20 hours of continuing education as described in Section

88 for each full 6 month interval in the initial license period as a condition of active status license renewal. A licensee engaged in governmental auditing as described in subsection (b) at any time during the initial license period shall complete 6 hours of governmental continuing education as described in subsection (b) as part of each 20 hours of continuing education required for active status license renewal. A licensee who provides audit, review, compilation, or attestation services as described in subsection (c) at any time during the initial license period shall complete 6 hours of accounting and auditing continuing education as described in subsection (c) as part of each 20 hours of continuing education required for active status license renewal. If the initial license period is less than 6 full months, there is no continuing education required for license renewal.

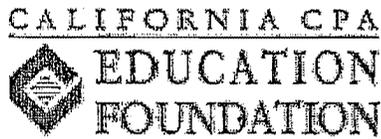
(e) Out-of State Licensees.

Any person who applies to the Board for a certified public accountant certificate under the provisions of Section 5087, may obtain the Board's approval to engage in the practice of public accountancy under the provisions of Section 5088 subject to the applicant having completed 80 hours of qualifying continuing education within the preceding two (2) years. The Board reserves the right to verify the applicant's continuing education. If a CPA certificate is granted by the California Board of Accountancy, the provisions of subsection (d) shall apply.

(f) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(f) of the Accountancy Act.

NOTE: Authority cited: Section 5027, Business and Professions Code. Reference: Sections 5026, 5027, 5028, 5051 and 5088, Business and professions Code.



# Courses & Conferences

> About This Event

>>	EDUCATION
	Courses & Conferences
	Discount CPE (VP)
	Resort CPE
	Online CPE
	Products
	In House Training
>>	SERVICES
	My Account
	Instructor Zone
>>	COMPANY
	About Us
	Partners
	What's New
	Contact Us

- Add to Basket
- View Cart
- Click to Checkout
- Return to Search

**Event Title: Internal Control and Fraud Prevention and Detect**

In good economic times and bad, fraud continues to be a problem th types of organizations; public and nonpublic, profit and not-for-profit and non-governmental. One only needs to read the news on a regula numerous examples of frauds being perpetrated by individuals again entities and other individuals, and businesses against individuals and entities. An organization's number one defense against fraud is a we properly functioning internal control system.

**Major Topics:**

- SAS No. 55 (as amended by SAS No. 78 and SAS No. 94) on inter
- SAS No. 82 on fraud, including fraudulent financial reporting and e embezzlement
- The COSO Report on internal control
- Internal control in a small business
- Fraud studies
- Examples of fraud
- Employee screening

**Designed For:** Professional accountants in public practice, private in government who are responsible for designing, evaluating, or auditin internal control, and those who want to be in a better position to det fraud for or against the entity on a timely basis.

**Objective:**

- Demonstrate the importance of internal control in detecting and pr and fraud
- Identify the most critical elements of a sound system of internal co
- Identify the types of frauds being perpetrated on behalf of and aga entities
- Identity the red flags of fraud
- Discuss how to investigate a suspected fraud
- Discuss the importance of screening prospective employees

**Details:**

START DATE	2/3/2003	EVENT NUMBER	420167
END DATE	2/3/2003	LEVEL	Intermed
START TIME	1:00pm	CREDIT HOURS	4
			San Fern

# course description



- Catalog
- Shopping Cart
- Your Account
- Home Room

## An Undercover Look At Financial Statement Fraud

Accounting & Auditing  
(4 hours) \$59.95

- Purchase
- Preview
- Download

Please login to access your online courses:

Email Address:

Password:

Login

[Forgot Your Password?](#)  
[New User Registration](#)

Financial statement fraud is on the rise. The techniques used include everything from "earnings management" to "cooking the books." Unfortunately, both internal and external accountants are at risk if fraud goes undetected. This course examines your responsibilities under AICPA SAS No. 82 (Considering Fraud in a Financial Statement Audit) and SAS No. 78 (Consideration of Internal Control in a Financial Statement Audit). Other areas discussed include: how to prevent and detect fraud; spotting the "red flags"; financial statement fraud schemes; COSO requirements; assessing the risk of fraud; and evaluating a client's internal control environment.

### Major Subjects:

- Introduction to Financial Statement Fraud
- SAS 55 and SAS 78: Consideration of Internal Control in a Financial Statement Audit
- SAS 82: Consideration of Fraud in a Financial Statement Audit
- Legal Elements and Prosecution
- Liabilities of Auditors, Company Officers and Employees, and Accountants
- Fraud Schemes
- Organizational Considerations in Controlling Fraud
- Revenue Recognition
- Auditor Responsibilities for Estimates
- The Quality of Reported Earnings
- Earnings Management
- Is it Management Fraud or an Audit Failure?
- Ethics Video and Discussions

### Course Lists

- Search Catalog
- Ethics
- Top Sellers
- What's New

### Help

- Tutorials
- License Information
- Downloading
- CPE Your Way
- Pricing and Refunds

Contributing Author: Jay Ruben, MS, CMA, CPA  
 Course Level: Basic  
 Prerequisite: None  
 Product Code: 01ULFSF  
 Format: Interactive Self-Study

### Affiliates

- Authors
- Advisors

### Free Stuff

- Free Catalog
- Free CPE

This course is eligible for CE Credit with the following licensing authorities:

*Important Note: The following is provided as a guideline only. Although we strive to maintain accurate information, the final word on whether a specific authority accepts our courses for CPE credit must come from that authority. If you are in doubt please*



20 East Main Street  
Bozeman, MT 59715  
(800) 822-4194

WELCOME

RESORT  
CONFERENCES

SELF  
STUDY

2-DAY FEDERAL TAX  
UPDATE

1-DAY  
FRAUD

IN-HOUSE  
TRAINING

general

instructors

sites, dates, & registration

seminar content

group discounts

## What Every CPA Needs to Learn in the Wake of Enron and Arthur Andersen

### A 1-day 8-credit A&A Course

As the Enron case unravels, investors and the American public are demanding answers to What went wrong? It now appears that Enron is only the tip of the iceberg, as Global Crossings, Qwest and Waste Management have come under investigation for fraud. Arthur Andersen, the accounting firm that investors were counting on for reliable and accurate financial information, stands accused of complicity in financial statement fraud. The entire accounting profession has suffered a serious blow to its reputation. Accounting and auditing regulations are currently being reviewed and will nearly certainly be revised, and companies will increasingly be expected to be more forthright in their financial reporting.

This 8-hour seminar is designed for all accountants that generate, review and audit financial statements and who want to learn more about financial statement fraud. Newly proposed and/or passed accounting and auditing regulations will be discussed as well as steps accountants need to take to address investors and the American public's demands for better accountability. The course will provide all attendees insights on the Enron/Arthur Andersen debacle and other recent cases of accounting problems.

Only \$139 if payment is received 1 month before seminar

Only \$99 if you also register for 2-day tax update

[Click Here](#) to register for the 1-day fraud and 2-day tax update courses.



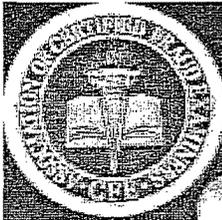
Western CPE is registered with the National Association of State Boards of Accountancy as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State Boards of Accountancy have final authority on the acceptance of individual courses. Complaints regarding sponsors may be addressed to NASBA, 150 Fourth Avenue North, Suite 700, Nashville, TN 37219, (615) 880-4200.

[general](#) | [instructors](#) | [sites, dates, & registration](#) | [seminar content](#) | [group discounts](#) |

[Welcome](#) | [Resort Conferences](#) | [Self Study](#) | [2-day Federal Tax Update](#) | [1-day Fraud](#) | [In-House Training](#) |

[Home](#) | [About Us](#)

Copyright © 2002 Western CPE



# Association of Certified Fraud Examiners

Informing and Educating Anti-Fraud Professionals Worldwide

About Us

Products

Services

Membership

Media Center

Events

Resources

Members Only

Monthly  
Poll

Free  
Newsletters

Free  
Catalog

CFE Quiz

## Cooking the Books: What Every Accountant Should Know About Fraud

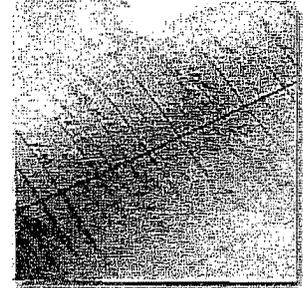
CPE Credits: 20

Course Level: Intermediate

Workbook/Video Set \$229.00 [Add to Cart](#)

Video Only \$139.00 [Add to Cart](#)

Workbook Only \$169.00 [Add to Cart](#)



Hear the stories of three notorious financial fraud cases in this self-study video course designed especially for the financial statement analyzer. First, Barry Minkow, a self-styled "boy wonder," explains how he turned ZZZZ BEST, a small carpet-cleaning service, into a multi-million-dollar scam. Second, prosecutor Gail Nichols details how the former President of Regina Vacuum Cleaner Company fooled his accountants and overstated his company's income by \$28 million. Finally, Miami attorney Thomas Tew reveals how insiders of ESM Government Securities committed a \$340 million fraud that cost their external auditors dearly.

In addition to the 50-minute video, the course material includes a 188-page workbook that provides information on all aspects of financial statement fraud, as well as case problems and review questions.

The key elements of Cooking the Books: What Every Accountant Should Know About Fraud include...

- Legal elements of financial statement fraud
- Management's and auditor's responsibilities
- Schemes
- Improper revenues recognition: substance versus form
- Revenue recognition in improper periods
- Improper treatment of certain transactions as sales
- Improper revenues recognition: percentage of completion
- Inadequate disclosure of related-party transactions
- Improper asset valuation
- Improper deferral of costs and expenses
- Inadequacies in management's discussion and analysis
- Methods of detecting potential financial statement and financial reporting fraud

Search Results

Your search returned 47 results:: [New Search](#)

1 | 2 | 3 | 4

Previous |

	Sort By Course Title	Sort By Subject Area	CPE Hours	Sort By Provider	Sort By Format	Sort B City/S
	<a href="#">2001 GAAS Guide</a>	Accounting & Auditing	 Credit Details	<a href="#">Western CPE</a>	Non-Interactive Self-Study	
	<a href="#">Accountant's Guide to Fraud Detection and Control</a>	Accounting & Auditing	 Credit Details	<a href="#">Western CPE</a>	Non-Interactive Self-Study	
✓	<a href="#">An Undercover Look At Financial Statement Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Positive Systems, Inc./PASSOnline</a>	Interactive Self-Study	
✓	<a href="#">Asset Protection</a>	Taxation	 Credit Details	<a href="#">Positive Systems, Inc./PASSOnline</a>	Interactive Self-Study	
✓	✓ <a href="#">Asset Protection Trusts</a>	Taxation	 Credit Details	<a href="#">WiseGuides, Inc.</a>	Interactive Self-Study	
✓	✓ <a href="#">Audit Planning</a>	Accounting & Auditing	 Credit Details	<a href="#">WiseGuides, Inc.</a>	Interactive Self-Study	
✓	<a href="#">Auditing Accounts Receivable for Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓	✓ <a href="#">Auditors Responsibility for Fraud Software</a>	Accounting & Auditing	 Credit Details	<a href="#">Bisk Education, Inc.</a>	Interactive Self-Study	
✓	✓ <a href="#">Auditors Responsibility for Fraud-Audio</a>	Accounting & Auditing	 Credit Details	<a href="#">Bisk Education, Inc.</a>	Non-Interactive Self-Study	
✓	✓ <a href="#">Auditors Responsibility for Fraud-VHS</a>	Accounting & Auditing	 Credit Details	<a href="#">Bisk Education, Inc.</a>	Non-Interactive Self-Study	
✓	<a href="#">Beyond the Numbers: Professional Interview Techniques</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓	✓ <a href="#">Computer Fraud: Detection and Deterrence</a>	Accounting & Auditing	 Credit Details	<a href="#">MicroMash</a>	Interactive Self-Study	

1 | 2 | 3 | 4

Previous |

Search Results

Your search returned 47 results: [New Search](#)

1 | 2 | 3 | 4

[Previous](#) |

 <b>Sort By</b> Course Title	<b>Sort By</b> Subject Area	<b>CPE</b> Hours	<b>Sort By</b> Provider	<b>Sort By</b> Format	<b>Sort B</b> City/S
✓ <a href="#">Conducting Internal Investigations</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓ <a href="#">Contract and Procurement Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Interactive Self-Study	
✓ <a href="#">Cooking the Books: What Every Accountant Should Know About Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓ <a href="#">Crossing the Line: Ethical Lessons for Financial Professionals</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓ <a href="#">Financial Institution Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Interactive Self-Study	
<a href="#">Fraud Auditing and Forensic Accounting</a>	Accounting & Auditing	 Credit Details	<a href="#">Western CPE</a>	Non-Interactive Self-Study	
✓ <a href="#">Fraud Examination for Managers &amp; Auditors</a>	Accounting & Auditing	 Credit Details	<a href="#">Professional Education Services, LP</a>	Non-Interactive Self-Study	
✓ ✓ <a href="#">Fraud I: Prevention</a>	Accounting & Auditing	 Credit Details	<a href="#">MicroMash</a>	Interactive Self-Study	
✓ ✓ <a href="#">Fraud II: Detection</a>	Accounting & Auditing	 Credit Details	<a href="#">MicroMash</a>	Interactive Self-Study	
✓ ✓ <a href="#">Fraud III: Auditing</a>	Accounting & Auditing	 Credit Details	<a href="#">MicroMash</a>	Interactive Self-Study	
✓ <a href="#">Fraud-Related Internal Controls</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓ <a href="#">Fundamentals of Computer Fraud</a>	Specialized Knowledge & Apps	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	

1 | 2 | 3 | 4

[Previous](#) |

Search Results

Your search returned 47 results: [New Search](#)

1 | 2 | 3 | 4

[Previous](#) |

		Sort By Course Title	Sort By Subject Area	CPE Hours	Sort By Provider	Sort By Format	Sort B City/S
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">How to Detect and Prevent Financial Statement Fraud</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Introduction to Fraud Examination</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Investigating Fraudulent Financial Transactions</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Other People's Money: The Basics of Asset Misappropriation</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Practice Issues - Compilation And Review Update</a>	Accounting & Auditing	Credit Details	<a href="#">Positive Systems, Inc./PASSOnline</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Recognizing Ponzi Schemes</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Recovering the Proceeds of Fraud</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">SAS 82: Consideration of Fraud in a Financial Statement Audit</a>	Accounting & Auditing	Credit Details	<a href="#">MicroMash</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Strategic Planning With Living Trusts</a>	Taxation	Credit Details	<a href="#">Positive Systems, Inc./PASSOnline</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">Tax Fraud - Abusive Trusts</a>	Taxation	Credit Details	<a href="#">WiseGuides, Inc.</a>	Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">The Controller's Function</a>	Other	Credit Details	<a href="#">Professional Education Services, LP</a>	Non-Interactive Self-Study	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<a href="#">The Corporate Con: Internal Fraud and the Auditor</a>	Accounting & Auditing	Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Interactive Self-Study	

1 | 2 | 3 | 4

[Previous](#) |



Search Results

Your search returned 47 results::[New Search](#)

1 | 2 | 3 | 4

[Previous](#)

	Sort By Course Title	Sort By Subject Area	CPE Hours	Sort By Provider	Sort By Format	Sort By City/State
	<a href="#">The Fraud Identification Handbook</a>	Accounting & Auditing	 Credit Details	<a href="#">Western CPE</a>	Non-Interactive Self-Study	
✓	<a href="#">The Fraud Trial</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
✓	<a href="#">The Inside Story of Internal Control and Financial Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Positive Systems, Inc./PASSOnline</a>	Interactive Self-Study	
✓	<a href="#">Using Benford's Law to Detect Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Non-Interactive Self-Study	
	<a href="#">Fraud Examination</a>	Accounting & Auditing	 Credit Details	<a href="#">PES-OAS</a>	Interactive Self-Study	self-study,
✓	<a href="#">New Issues: Compilation and Review</a>	Accounting & Auditing	 Credit Details	<a href="#">PES-OAS</a>	Interactive Self-Study	self-study,
✓	<a href="#">Managing Physician Practices in Today's Healthcare Environment</a>	Management	 Credit Details	<a href="#">Quorum Health Resources, LLC</a>	Live	Brentwood, Tennessee
✓	<a href="#">Semi-Annual Fraud Symposium</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Live	Austin, Texas
✓	<a href="#">Financial Reporting for Tax and Industry Accounting Professionals</a>	Accounting & Auditing	 Credit Details	<a href="#">California CPA Education Foundation</a>	Live	Redding, Californ
✓	<a href="#">Designing Your Audit to Uncover Fraud</a>	Accounting & Auditing	 Credit Details	<a href="#">California CPA Education Foundation</a>	Live	Sacramento Are California
✓	<a href="#">14 Annual Fraud Conference &amp; Trade Show</a>	Accounting & Auditing	 Credit Details	<a href="#">Association of Certified Fraud Examiners</a>	Live	Chicago, Illinois

1 | 2 | 3 | 4

[Previous](#)



Attachment 5

[Privacy Policy](#) | 
 [FAQ](#) | 
 [Terms of Use](#)

View Course Details

Click the question marks for field definitions  
 If the fields do not have corresponding information, the course provider chose not to submit information for that field



This course provider is a member of the National Registry of CPE Sponsors and this specific course is in accordance with Registry standards and requirements. Check the State CPE Information section of this site to determine if the state in which you are licensed requires course providers to be members of the National Registry.

**Course Title** Recognizing Ponzi Schemes

**Course Code** ?

**Course Description** ? Every one of the top frauds cited by the North American Securities Administrators (including Internet and other high-tech scams, telemarketing, and abusive sales practices) has been run as a Ponzi scheme. To work against this pervasive crime, anti-fraud practitioners must learn the basics. Recognizing Ponzi Schemes is an interactive CD-ROM course that contains the essential information necessary to thwart Ponzi schemes.

**Subject Area** ? Accounting & Auditing

<b>CreditHours</b> ?	<b>Credential</b> ?	<b>Measurement</b> ?	<b>Recommended</b> ?	<b>QASHours</b> ?
	CPA	Unit CPE	Credit Hours 4	

**Course Format** ? Interactive Self-Study

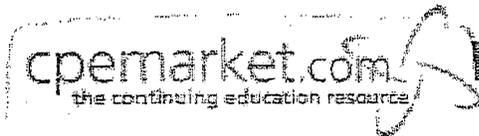
**Program Content** ? The key elements of Recognizing Ponzi Schemes include:  
 The theory of pyramids  
 Pyramids vs. Ponzi schemes  
 Types of Ponzi schemes  
 Detecting and preventing Ponzi schemes

**Course URL** ? <http://marketplace.cfenet.com/products/ProductDetail.asp?ProdID=214>

**Contact Information** ? DeAnn Holzman  
 Association of Certified Fraud Examiners  
 716 West Ave, The Gregor Building  
  
 Austin, Texas 78701-  
 USA  
  
 Phone: 800-245-3321  
 Fax: 512-478-9297

Click below to go directly to the provider's website.  
<http://www.cfenet.com>

Click below to email the provider about this course:  
[DeAnn.Holzman](mailto:DeAnn.Holzman)



home :: site map :: feedback :: privacy policy :: faq :: terms of u

**View Course Details**

*If the fields do not have corresponding information, the course provider chose not to submit information for that field*

**Course Title** The Fraud Identification Handbook

**Course Code** 351

**Course Description** The course is a comprehensive guide to all types of fraud, how to detect them, and how to prevent them. The types of fraud that are detailed are consumer, financial, government, investment, operations, public interest, and science. Criminal investigators and auditors have described the course as a "must read", with praise for its practical yet thorough coverage of topics.

**Subject Area** Accounting & Auditing

<b>CreditHours</b>	<b>Credential</b>	<b>Measurement Unit</b>	<b>Recommended Credit Hours</b>	<b>QASHours</b>
	CPA	CPE		

**Course Format** Non-Interactive Self-Study

**City**

**State**

**Facility** Western CPE

**Cost** \$158.00

**Administrative Policies**

**Additional Notes** Call 1-800-822-4194 to order or visit us online at [www.westerncpe.com](http://www.westerncpe.com). Buy one course, get the second course of equal or lesser value free.

**Course URL**

**Contact Information** Paul Larson  
Western CPE  
20 East Main Street  
  
BOZEMAN, Montana 59715-USA  
  
Phone:406 556 0115  
Fax:406 556 0210  
  
Click below to go directly to the provider's website.  
<http://www.westerncpe.com>  
  
Click below to email the provider about this course:  
[Paul Larson](mailto:Paul.Larson@westerncpe.com)

### FROM THE AICPA AND THE ASSOCIATION OF CERTIFIED FRAUD EXAMINERS

If you're a Certified Public Accountant, you know that fraud has become a very important issue to your profession. Now the AICPA, the premier national organization for CPAs, and the Association of Certified Fraud Examiners, the widely respected global organization dedicated to fighting fraud and white-collar crime, bring you *the latest in anti-fraud education*. What's more, these self-study courses expose you to fraud in a whole new way, by going "beyond the numbers." Not only will you learn key financial concepts, you'll also find out about white-collar crime from a different and vital perspective.

#### Fraud Examination: Auditing for Internal Fraud

LEVEL: Intermediate  
FORMAT: Text  
72013685

This course provides an auditor with the tools to identify fraud schemes. It trains CPAs to focus their analytical and substantive tests on the fraud triangle when evaluating internal controls. It also illustrates the latest in fraud prevention and detection programs implemented by industry leaders.

#### Fraud Examination: Computer Fraud and Information Security

LEVEL: Intermediate  
FORMAT: Text  
72013686

Acquire the tools you need to identify computer fraud. It trains CPAs to focus their analytical and substantive tests on the internal and external threats facing a company's computer systems. Learn to design fraud prevention programs that build effective firewalls around mission-critical systems.

#### Corporate Espionage

LEVEL: Intermediate  
FORMAT: CD-ROM  
72015685

This course details the main fraud schemes by which intellectual property is stolen, misappropriated or compromised. You will learn how to protect trade secrets, secure Internet sites and conduct a computer security audit.

#### The Fraud Trial

LEVEL: Intermediate  
FORMAT:  
1 VHS Tape/Manual  
72015885  
Additional Manual  
72016085  
One VHS Tape Only  
72015886

Using a real-life Court TV case, this course presents a primer on opening arguments, presentation of evidence, direct and cross-examination testimony, interpretation of courtroom proceedings, giving expert testimony and pre-trial investigations.

#### Fraud Examination: Fraudulent Financial Transactions

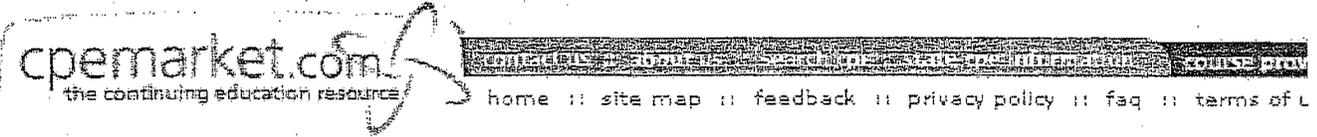
LEVEL: Intermediate  
FORMAT: Text  
72014285

This course concentrates on the various types of financial statements fraud. It reveals how to better detect the ways employees and executives commit and conceal these serious offenses.

#### REVISED! Fraud Examination: Fraudulent Tax Transactions

LEVEL: Intermediate  
FORMAT: Text  
72012685

Learn to focus your analytical skills on the complex tax transactions included in corporate and individual tax filings. Learn to identify the red flags of tax fraud. Be prepared to respond if civil or criminal action is taken against your client.



View Course Details

Click the question marks for field definitions  
 If the fields do not have corresponding information, the course provider chose not to submit information for that field



This course provider is a member of the National Registry of CPE Sponsors and this specific course is in accordance with Registry standards and requirements. Check the State CPE Information section of this site to determine if the state in which you are licensed requires course providers to be members of the National Registry.

Course Title **Beyond the Numbers: Professional Interview Techniques**

Course Code ?

Course Description ? Learn the right way to conduct interviews in this intriguing self-study video/workbook course. Certified Fraud Examiner Scott Barefoot conducts three hidden-camera interviews in the 50-minute video. In all three hidden-camera interviews, he deftly handles difficult and sensitive situations. The 211-page workbook accompanying the video reinforces interview concepts and gives practical, everyday ways you can improve your interview skills.

Subject Area ? Accounting & Auditing

CreditHours ?	Credential ?	Measurement Unit ?	Recommended Credit Hours ?	QASHours ?
	CPA	CPE	20	

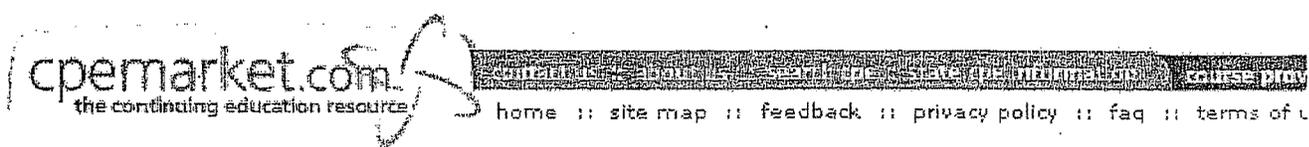
Course Format ? Non-Interactive Self-Study

Administrative Policies ?

Additional Notes ?

Course URL ? <http://marketplace.cfenet.com/products/ProductDetail.asp?ProdID=40>

Contact Information ? DeAnn Holzman  
 Association of Certified Fraud Examiners  
 716 West Ave, The Gregor Building  
 Austin, Texas 78701-USA  
 Phone:800-245-3321  
 Fax:512-478-9297  
 Click below to go directly to the provider's website.  
<http://www.cfenet.com>  
 Click below to email the provider about this course:  
[DeAnn Holzman](#)



View Course Details

Click the question marks for field definitions  
If the fields do not have corresponding information, the course provider chose not to submit information for that field



This course provider is a member of the National Registry of CPE Sponsors and this specific course is in accordance with Registry standards and requirements. Check the State CPE Information section of this site to determine if the state in which you are licensed requires course providers to be members of the National Registry.

**Course Title Financial Institution Fraud**

Course Code

Course Description  Financial institutions across the country have reported significant increases in counterfeit check activity, new account fraud, forged instruments, and identity theft. Losses in these areas can no longer be written off as "the cost of doing business." There's too much money - and an industry's reputation - at risk. In this eight-hour course, you'll learn which schemes financial institutions are most vulnerable to. You'll also learn how to prevent and deter these crimes through internal controls, monitoring, and personnel training programs. To catch a thief, you've got to be smarter than the thief. This course will give you the edge in fighting financial institution frauds of every stripe.

Subject Area  Accounting & Auditing

CreditHours <input type="checkbox"/>	Credential <input type="checkbox"/>	Measurement Unit <input type="checkbox"/>	Recommended Credit Hours <input type="checkbox"/>	QASHours <input type="checkbox"/>
CPA		CPE	8	

Course Format  Interactive Self-Study

Learning Objective  In this eight-hour course, you'll learn which schemes financial institutions are most vulnerable to. You'll also learn how to prevent and deter these crimes through internal controls, monitoring, and personnel training programs. To catch a thief, you've got to be smarter than the thief. This course will give you the edge in fighting financial institution frauds of every stripe.

Program Content

Course Prerequisites

Advanced Preparation

Cost  \$175

Administrative Policies

Additional Notes

Course URL  <http://marketplace.cfenet.com/products/ProductDetail.asp?ProdID=257>

Contact Information  DeAnn Holzman  
Association of Certified Fraud Examiners  
716 West Ave, The Gregor Building  
  
Austin, Texas 78701-  
USA  
  
Phone:800-245-3321  
Fax:512-478-9297  
  
Click below to go directly to the provider's website.  
<http://www.cfenet.com>  
  
Click below to email the provider about this course:  
[DeAnn.Holzman](mailto:DeAnn.Holzman)



home :: site map :: feedback :: privacy policy :: faq :: terms of L

**View Course Details**

Click the question marks for field definitions  
 If the fields do not have corresponding information, the course provider chose not to submit information for that field

This course provider is a member of the National Registry of CPE Sponsors and this specific course is in accordance with Registry standards and requirements. In addition, this course provider is also a member of the Quality Assurance Service program (QAS) and this specific course is in accordance with QAS standards and requirements.

**Course Title Fraud I: Prevention**

Course Code

Course Description  The most important way to combat and minimize fraud: plan ahead. Comprehensive discussion covers responsibility for fraud, cases of fraud, ethics, and much more. Get a step ahead of those would-be criminals and avoid fraud before it happens to you.

Subject Area  Accounting & Auditing

CreditHours <input type="checkbox"/>	Credential <input type="checkbox"/>	Measurement <input type="checkbox"/>	Recommended Credit Hours <input type="checkbox"/>
	CPA	Unit <input type="checkbox"/> CPE	
			8
			QASHours <input type="checkbox"/> 8

Course Format  Interactive Self-Study

Course Level  Basic

Learning Objective  Successful completion of "Fraud I: Prevention" is designed to enhance your understanding of: fraud prevention and detection: who is responsible?, why fraud occurs and who commits it, situational pressures, opportunities, and personal integrity.

Program Content  Definition of fraud; types of fraud; fraud prevention and detection; external auditor's responsibility; profile of the fraud perpetrator; situational pressures; opportunities to commit fraud; personal integrity.

Course Prerequisites  None

Advanced Preparation  None

Cost  \$120.00

Administrative Policies

Additional Notes

Course URL  <http://www.micromash.com>

Contact Information  Mark Frnk  
 MicroMash  
 6402 South Troy Circle  
  
 Englewood, Colorado 80111-6424  
 USA  
  
 Phone: 800-272-7277  
 Fax: 303-799-1425  
  
 Click below to go directly to the provider's website.  
<http://www.micromash.net>  
  
 Click below to email the provider about this course:  
[Mark Frnk](#)



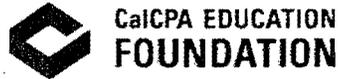
**DEPARTMENT OF CONSUMER AFFAIRS**  
CALIFORNIA BOARD OF ACCOUNTANCY  
2000 EVERGREEN STREET, SUITE 250  
SACRAMENTO, CA 95815-3832  
TELEPHONE: (916) 263-3680  
FACSIMILE: (916) 263-3675  
WEB ADDRESS: <http://www.cba.ca.gov>



## **ATTACHMENT 3**

### **Course Descriptions**

# **ACCOUNTING AND AUDITING**



## Compilation and Review: Basic Review and Update - Online

With peer review now mandatory for all California CPAs, it is critical that you know and understand basic performance and reporting standards when you perform compilation or review engagements. Review existing pronouncements and learn practical approaches to guide you in complying with both SSARS performance and reporting requirements, as well as guidance to determine when the standards do not apply. Learn about recent-as well as extensive proposed-changes to SSARS.

**Note:** There is a minimum passing rate of 70% for this course.

**Prerequisite:** None

**Level:** Overview

### About the Author:

Al Partington, CPA, is a professor at Pierce College, and a practicing CPA, servicing a variety of small business and individual clients. He was a manager with Price Waterhouse Coopers, a former vice president of and instructor for the Becker CPA Review Course, and an instructor for the Conviser Duffy CPA Review Course preparing candidates for the CPA exam. He is a past recipient of the Education Foundation's Meritorious Service and Instructor Excellence Awards and the AICPA's Outstanding Instructor Award.

**Product Code:** CRIUOL10

**NASBA Field of Study:** Accounting

**CPE Credit:** 8.0 Accounting & Auditing  
8.0 CPE (Continuing Professional Education)

**Category:** Accounting & Financial Statements

**Vendor:** A M Partington CPA Inc

**Format:** Self-Study Online

**Fee:** \$99.00 members, \$149.00 non-members

**VP Fee:** \$0.00

### Major Topics:

- ▶ SSARS standards and interpretations
- ▶ AICPA technical practice aids relating to SSARS
- ▶ AICPA alerts and updates focusing on current pronouncements and practice issues
- ▶ Issues affecting GAAP vs. OCBOA financial statement presentations and reporting
- ▶ Issues involving supplementary data, selective information and disclosures

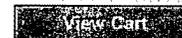
- ▶ Various reporting situations and report modifications
- ▶ Engagement documentation requirements for both compilation and review engagements, including special requirements for review engagements and recent pronouncements
- ▶ Issues involving the accountant's independence, including Interpretation 101-3
- ▶ Considerations of fraud and illegal acts in compilation and review engagements

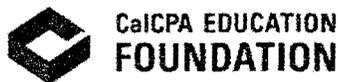
**Designed For:**

CPAs and professional staff who need a basic review of SSARS and want the latest information relating to compilation and review engagements.

**Objectives:**

- ▶ Determine if SSARS applies to a particular client engagement.
- ▶ Identify professional standards affecting compilation and review engagements.
- ▶ Understand special reporting situations and modifications to the standard compilation and review report.
- ▶ Recognize requirements for engagement documentation.
- ▶ Apply newly issued SSARS statements and interpretations for compilation and review engagements.





## Accounting and Auditing Update (4111010E)

### REGISTRATION STATUS: OPEN

Stay current and understand the significance of new financial accounting standards, compilation and review standards, and auditing standards. Taught by top instructor Thomas Noce, this course will provide you with not only specifics about the standards, but also their potential impact on financial statements. Exposure drafts of proposed statements will be reviewed. Gain expertise on the latest private company financial reporting requirements and auditing standards.

Note: SEC reporting requirements and public company audit requirements will not be covered in this course.

### Objectives:

- ▶ Understand the requirements and financial statement impact of all financial accounting standards effective in 2011 and thereafter.
- ▶ Comprehend the potential impact of outstanding exposure drafts of proposed financial accounting standards.
- ▶ Examine all compilation and review standards issued during the past two years, as well as the potential impact of outstanding exposure drafts.
- ▶ Learn the impact of the FASB GAAP codification on practitioners.

### Major Topics:

- ▶ All financial accounting standards effective in 2011 and thereafter
- ▶ A listing of outstanding exposure drafts of proposed financial accounting standards
- ▶ All compilation and review standards and interpretations issued during the past two years and a listing of outstanding exposure drafts
- ▶ All auditing standards and interpretations issued during the past two years and a listing of outstanding exposure drafts
- ▶ FASB's GAAP Codification

Friday, October 28, 2011

8:30AM - 4:30PM (Registration at 7:30AM )

**Embassy Suites San Luis Obispo, San Luis Obispo**

**Area:** San Luis Obispo CE

**CPE Credit:**

8.0 Accounting & Auditing

8.0 CPE (Continuing Professional Education)

**Instructor:**

**Thomas E. Noce, CPA, CFE**

**Developer:** Borkowski & Associates, Inc.

**NASBA Subject Area:** Accounting

**Delivery:** Group Live

**Course Level:** Update

**Fee:** \$315 CalCPA Members, \$415

Nonmembers

**Coupon Fee:** \$0

**VP Fee:** \$0

- In lieu of receiving a digital version of course materials, I would like to purchase a hard copy for \$25.

**Designed for:**

CPAs who are responsible for preparing GAAP financial statements, as well as those who audit, review or compile financial statements.

**Prerequisite:**

None

**Advanced Preparation:**

None

**Note:**

To ensure that all credit is properly recorded, please **review your personal profile** and update your CPA, CFP, CTEC and/or Bar license number(s).

[Back](#)

[Search](#)

[Add to Cart](#)

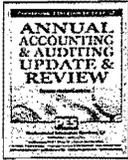
**PES** Quality CPE from PES  
1-800-933-5024

home  
new user  
login  
my cart  
search

Shop for CPE | License Information | About PES | Contact Us | Order a Catalog

PES CPE | [Shop](#) | [PES Online Computer-Based Courses](#) -> Item

Thursday, October 13, 2011 | Status: Not Logged In



## Annual Accounting and Auditing Update & Review

24 CPE Hours Full Course for \$209.50

**Description:** This course brings you up-to-date with the latest changes in accounting and auditing pronouncements. It also addresses current developments in accounting and financial reporting, a compilation and review update, selected auditing developments, and more. Uses material entitled *Annual Accounting and Auditing Update and Review*. **PLEASE NOTE: Course material is similar to #5690/QAS5690: FASB Review for Industry and #6445/QAS6445: Accounting and Financial Reporting; therefore, we recommend that you should not take #5690 and/or #6445 in the same CPE reporting period. \*This course qualifies for 12 Accounting hours and 12 Auditing hours. Not acceptable for Enrolled Agents.** All course material provided. No prerequisites.  
Course level: Update.

[View Table of Contents](#)

[View Course Objectives](#)

Choose the Format to Add to Your Cart:

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only
3	3	3	3

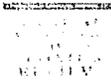
- Course: 5410/QAS5410
- Online Course ID: 5410I
- CPE Hours: 24
- Full Course Price: \$209.50
- Course Level: Update
- NASBA Area of Study: Accounting and Auditing
- Course Material  
Total Pages: 549  
Course Content: 540  
Supplemental Material: 9
- Questions: 120
- Not Acceptable for: Enrolled Agents

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states – check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



PEP USE | MyPES | PES Online Computer-Based Courses | Home

Thursday, October 13, 2011 1:50pm EDT



## Annual Accounting and Auditing Update & Review

24 CPE Hours Full Course for \$209.50

Description: This course brings you up-to-date with the latest changes in accounting and auditing standards. **View Table of Contents**

Auditing Update

#5696/QAS

Accounting

should not be

\*This course

acceptable for

Course level:

View Table of

View Course C

Course Title

Course ID: 5410/QAS5410

Course Code: 5410

CPE Hours: 24

Close

- Table of Contents:**
- Subsequent Events (FASB ASC Topic 855) As Amended by ASU No. 2010-09: Subsequent Events Amendments to Certain Recognition and Disclosure Requirements
  - Receivables (ASC Topic 310) ASU No. 2010-20: Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses
  - Plan Accounting – Defined Contribution Pension Plans (Topic 962) ASU No. 2010-25: Reporting Loans to Participants by Defined Contribution Pension Plans: A Consensus of the FASB Emerging Issues Task Force
  - ASU 2010-28 and the Impairment of Long-Lived Assets, Goodwill, and Other Intangible Assets During the Economic Downturn
  - Business Combinations (ASC Topic 805) ASU No. 2010-29 Disclosure of Supplementary Pro Forma Information for Business Combinations
  - Accounting and Tax Update on Uncertain Tax Positions: FIN 48: Accounting for Uncertainty In Income Tax (ASC 740), ASU 2009-06 and IRS Audits of Uncertain Tax Positions (Announcement 2010-75)
  - Current Developments: Accounting and Financial Reporting
  - Compilation and Review Update
  - Recently Issued Auditing Standards and Other Auditing Developments

Accounting Update

Accounting and Auditing

Accounting and Auditing  
 Content: 540  
 Supplemental Material

120

Accounting and Auditing  
 Agents

Hard Copy    PDF    Online    Exam Only

3    3    3    3

PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states -- check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.



Home | Shop | PES Online Computer-Based Courses | Home

Home | Home | 11/11/2016 10:00 Logged In



## Annual Accounting and Auditing Update & Review

Course # 5410/QASL410

24 CPE Hours Full Course for \$209.50

Course Code: 5410

Course Hours: 24

Description: This course brings you up-to-date with the latest changes in accounting and auditing developments.

### View Course Objectives

Close

Auditing Update

#5690/QAS

Accounting

should not

\*This course

acceptable

Course level:

View Course

View Course

Course Title

- After completing this course, you will understand the following:
- To define the two types of subsequent events
  - To identify events that trigger the subsequent event rules
  - To identify non-recognition events
  - To identify those instruments to which the new ASU 2010-20 disclosure apply
  - To identify the twelve disclosures required by ASU 2010-20
  - To define financing receivable and other financial instruments
  - To write a disclosure of the accounting policies for loans and trade receivables
  - To explain how loans to participants should be classified and measured by defined contribution pension benefit plans
  - To recall the impairment rules for four categories of assets including goodwill
  - To review the changes to goodwill and tests for impairment of goodwill
  - To review the types of assets which apply to impairments
  - To identify the steps that are applied in testing and measuring an impairment of long-lived assets to be held and used
  - To apply the rules of accounting for impairment of long-lived assets held for sale
  - To review the disclosure and financial statement presentation of impaired assets and related losses
  - To explain about the diversity in practice about the interpretation of the pro forma revenue and earnings disclosure requirements for business combinations

Level: Update

Study  
ing and Auditing

Material  
es: 549

Content: 540  
aterial Material

120

Materials for  
Agents

Hard Copy      PDF      Online      Exam Only

?      ?      ?      ?

PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states – check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.



CPE Link

Setting the standard for professional education online.



Cart

Customer Service



(800) 616-3822

My Account

[Home](#)
[Live Webcasts](#)
[Self-Study](#)
[Resources](#)
[Firm CPE Center](#)
[Instructors](#)

## Quick Links

[More on Accounting & Auditing \(144\)](#)
[More on Fraud \(5\)](#)
[More from Steven C. Fustolo](#)

## Auditing Developments

**Author:** Steven C. Fustolo

**CPE Credit:** 16 hours for CPAs (includes 16 Accounting & Auditing hours, 16 Fraud hours)

The latest developments affecting audit engagements are addressed in this course. Part of planning an audit involves consideration of the business and economic environment in which the client operates. Thus, auditors need to be aware of the various types of fraud that clients and employees may be committing, especially in light of the recent myriad of lawsuits against auditors and accountants. In addition to applying techniques to limit their liability to their clients and third parties, auditors are confronting other major problems facing the accounting field, including compliance with the Sarbanes-Oxley Act. The Peer Review Comments and new auditing statements provide further guidance on current issues. To deal with the volatility in the business climate, auditors should focus their efforts in key areas and should take lessons from litigation. Additionally, in this course, auditors will learn how to perform more efficient engagements, assess going concern, advise clients on insurance, audit lease agreements, and much, much more.

Published March 31, 2011

### Designed For

Auditors and accountants in public practice and industry who want to keep up-to-date.

### Topics Covered

- Identify the factors that an auditor may consider in assessing overall business risks
- Explain specific account risks that are important to the auditor
- Explain the types of fraud and the three conditions in the fraud triangle
- Discuss the primary types of fraudulent cash receipts and cash disbursements
- List the symptoms of a high- and low-fraud environment and the specific signs of fraud
- Discuss the specific audit requirements that deal with fraud that are found in SAS No. 99
- Discuss the specific recommendations made by the Chamber of Commerce to save the audit profession
- Explain the recommendations made by the Big Four report on how to change to global financial reporting and public company audit procedures
- List the AICPA's top 10 technology issues affecting auditors
- Identify the problems growing with Sarbanes including the significant costs, proposed changes, and its specific impact on small businesses
- Discuss the impact changes made by Dodd-Frank will have on auditors
- Identify key areas in which an auditor should focus to deal with volatility in the business climate
- List the key deficiencies found in peer review
- Compute the four working capital ratios on which an auditor should focus
- List the common pitfalls that continue to expose accountants to loss in litigation

### Learning Objectives

- Understand and know various types of audit engagements

### Level

Basic

### Format

PDF materials

### Instructional Method

Self-Study

### NASBA Field of Study

Auditing (16 hours)

### Program Prerequisites

none

### Advance Preparation

none

Fees	
Regular Fee	\$159
Value Pass Fee	\$0

- [home](#)
- [about us](#)
- [faq](#)
- [request catalog](#)
- [contact us](#)
- [CPE Credit Info](#)
- [login](#)

Course Search



Accounting Control Best Practices

Accounting Control Best Practices

FEDERAL TAX UPDATE

FEDERAL & CALIFORNIA TAX UPDATE

SEMINARS

WEBCASTS

All Access Pass

CORPORATE & GROUP SOLUTIONS

Accounting Control Best Practices

Accounting Control Best Practices

[Courses by Topic](#)

[Courses by Title](#)

[Courses by Author](#)

[Download Courses](#)

[Online Mega Tax Library](#)

[Online Exams & Grading](#)

[Self-Study Order Form](#)

[Free CPE & Pilot Testing](#)

[FAQ](#)

Self-Study — Course Detail

links to other topics

- [Accounting & Auditing](#)
- [Computer Applications & Technology](#)
- [Corporate Finance](#)
- [Management & HR](#)
- [Ethics](#)
- [Governmental Accounting & Auditing](#)
- [Government & Nonprofit](#)
- [Personal Development](#)
- [Taxation & Financial Planning](#)

Phone:  
(800) 822-4194  
(406) 556-0115

Fax:  
(206) 774-1285

E-mail: [wcpe@westerncpe.com](mailto:wcpe@westerncpe.com)

243 Pegasus Drive  
Bozeman, MT 59718

Office hours:  
Monday - Friday  
7 A.M. - 6 P.M. MST

Accounting Control Best Practices  
Steven M. Bragg  
Copyright © 2009

Course: 1103115 - Version 1007

NASBA Category: Accounting CPE Credits 17

Level: Overview (288 pages)

Prerequisite: There are no prerequisites.

Advance Preparation: None.

Course Description

Control systems are needed to ensure that a company's assets are used in the most productive manner and that they are not lost through fraudulent activities. However, an excessive use of controls can interfere with the efficient completion of activities within the company. Whether your company is in start-up mode, installing new systems, or simply dissatisfied with existing controls due to fraudulent losses, *Accounting Control Best Practices, Second Edition* is the book every accountant and systems analyst can use to ensure that their company has constructed a durable and efficient set of controls.

This easy-to-use handbook clearly explains how to develop an effective system of accounting and operational controls and offers the best practices with pragmatic insights and proactive strategies to protect organizations from suffering further substantial losses of assets and reputation that occur from financial dishonesty within an organization.

Author and renowned accounting expert Steven Bragg provides control flowcharts in every chapter for all major processes as well as thorough set of corporate policies designed to support the system of controls. Now containing chapters on budgeting, collections, and acquisition integration, this valuable reference handbook offers essential information on control best practices for:

New in Self-Study

- **Challenges for the CFO/Controller in 2011—The Changing Role**

Develop leadership strategies for tackling current financial issues impacting your organization.

- **Critical Tax Update - Summer 2011**

Stay up-to-date with renowned tax expert Vern Hoven's comprehensive tax manual.

Self-Study Editor's Pick

- **An Auditor's Responsibility for Fraud in Government**

- Order entry, credit, and shipment
- Inventory management
- Billing
- Cash handling
- Payroll
- Fixed assets
- Budgeting
- Financial reporting
- Just-in-time manufacturing
- Petty cash
- And many more

Encompassing all of the major accounting and operational processes with nearly 500 controls presented in basic, intermediate, and advanced layers, from those needed for a very basic paper-based system, to computerized systems, to the use of advanced best practice enhancements in computerized systems, *Accounting Control Best Practices, Second Edition* is the only guidebook needed to devise a set of controls precisely tailored to every companies system.

Table of Contents

**Learning Objectives**

Upon successful completion of this course, participants will be able to:

- Chapter 1
  - Explain the overall system of controls.
  - Identify high-risk areas, recognize the segregation of duties, and understand implied controls.
  - Recognize the impact of the Sarbanes-Oxley Act on accounting controls as well as the occasional need to deinstall controls.
- Chapter 2
  - Understand the system of controls needed for an entirely paper-based accounts payable system.

More Learning Objectives

<u>Select</u>	<u>Format</u>	<u>Retail Price</u>
<input type="checkbox"/>	Hard Copy	\$169.00

**Extra Tests:**

<u>Qty</u>	<u>Format</u>	<u>Retail Price</u>
<input type="checkbox"/>	Extra Exam Online	\$68.00
<input type="checkbox"/>	Extra Exam Hardcopy	\$68.00

Add To Cart

:: [Privacy Policy](#) :: [Refund Policy](#) :: [Shipping Policy](#) ::

Western CPE | Offering Continuing Professional Education (CPE) and Professional Development for Accountants and Financial Planning Professionals | [Home](#)

Photo of Beartooth Mountains courtesy of www.magicpixel.biz

# **GOVERNMENTAL AUDITING**

[Back](#)[Search](#)[Add to Cart](#)[View Cart](#)

## The Yellow Book Interpreted - Recorded Webcast Self-Study

The Yellow Book was significantly revised in 2003 and changed again in 2007. New standards on continuing education, independence and quality control review are causing quite a stir in the auditing community. In this course, we will concentrate on the 2007 revision--and catch you up on all of the GAO-initiated changes.

While the federal government created the Yellow Book to guide the auditors of federal programs, because the standards are so comprehensive and reasonable, many organizations that are not subject to federal regulations have adopted them for use in their audit shops. Yellow Book standards encompass both performance and financial audits.

OMB Circular A-133 requires Government Auditing Standards.

This webcast is 6 hours in length. Originally broadcast 3/22/2010.

**Note:** There is a minimum passing rate of 70% for this course.

**Prerequisite:** None

**Level:** Intermediate

**About the Author:** Leita Hart-Fanta, CPA, CGFM, is the founder of AuditSkills, a training and development company designed specifically for governmental auditors. Since 1995, she has authored and taught more than 20 seminars targeted at CPAs and governmental auditors.

Ms. Hart is the author of *The Yellow Book Interpreted* and *Implementing the New Risk Assessment SASs* -- self-study manuals for CPAs. She includes among her clients the AICPA; the Colorado Society of CPAs; the Texas State Auditor's Office; and the National Association of State Auditors, Comptrollers, and Treasurers. She is a guest columnist for Thompson Publishing's Single Audit Information Service.

**Product Code:** YBOOKWB10

**NASBA Field of Study:** Accounting (Governmental)

**CPE Credit:** 8.0 Accounting & Auditing  
8.0 CPE (Continuing Professional Education)  
8.0 Government  
8.0 Yellow Book

**Format:** Self-Study Webcasts

**Fee:** \$199.00 members, \$299.00 non-members

**VP Fee:** \$0.00

**Major Topics:**

- › Audit plans
- › Working papers

- Peer review and quality control
- Audit reports and findings
- Continuing professional education

**Designed For:**

Anyone whose laws or policies require audits in accordance with government auditing standards.

**Objectives:** After completing this course, participants will be able to:

- Identify the type of Yellow Book audit conducted.
- Explain new requirements for quality control review.
- Understand auditor responsibilities in each phase of the audit.



- [home](#)
- [about us](#)
- [faq](#)
- [request catalog](#)
- [contact us](#)
- [CPE Credit Info](#)
- [login](#)

Course Search



WesternCPE 1113211

- [FEDERAL TAX UPDATE](#)
- [FEDERAL & CALIFORNIA TAX UPDATE](#)
- [SEMINARS](#)
- [WEBCASTS](#)
- [All Access Pass](#)
- [CORPORATE & GROUP SOLUTIONS](#)

1113211

1113211

[Courses by Topic](#)

[Courses by Title](#)

[Courses by Author](#)

[Download Courses](#)

[Online Mega Tax Library](#)

[Online Exams & Grading](#)

[Self-Study Order Form](#)

[Free CPE & Pilot Testing](#)

[FAQ](#)

### Self-Study — Course Detail

Phone:  
 (800) 822-4194  
 (406) 556-0115

Fax:  
 (206) 774-1285

E-mail: [wcp@westerncpe.com](mailto:wcp@westerncpe.com)

243 Pegasus Drive  
 Bozeman, MT 59718

Office hours:  
 Monday - Friday  
 7 A.M. - 6 P.M. MST

*links to other topics*

- [Accounting & Auditing](#)
- [Computer Applications & Technology](#)
- [Corporate Finance](#)
- [Management & HR](#)
- [Policies](#)
- [Governmental Accounting & Auditing](#)
- [Government & Nonprofit](#)
- [Personal Development](#)
- [Taxation & Financial Planning](#)

Single Audit Primer  
*Leita Hart-Fanta*  
 Copyright © 2011

Course: 1113211 Version 1102

NASBA Category: Accounting (Gov't) CPE Credits 4

Level: Basic (97 pages)

Prerequisite: There are no prerequisites.

Advance Preparation: None.



This course will help you manage the complexity of a Single Audit and give you the tools you need to perform these audits more effectively and efficiently. Join Leita Hart-Fanta for this informative and entertaining course that will improve and expand your auditing skills. With a distinctive blend of anecdotal humor and useful advice, this course will show you how to:

- Identify the significant differences between a commercial financial audit and a Single Audit
- Understand the differences between important standard setting bodies
- Identify the three subjects of a single audit
- Compare the requirements of the AICPA, the GAO, and OMB Circular A-133
- Understand the significant requirements of the Yellow Book
- Distinguish between fraud, abuse, and noncompliance
- Sequence the levels of materiality on a Single Audit
- Fully understand the elements of the COSO Model

New in Self-Study

- **Challenges for the CFO/Controller in 2011—The Changing Role**

Develop leadership strategies for tackling current financial issues impacting your organization.

- **Critical Tax Update - Summer 2011**  
 Stay up-to-date with renowned tax expert Vern Hoven's comprehensive tax manual.

Self-Study Editor's Pick

- **An Auditor's Responsibility for Fraud in Government**

Continuing Education

- Differentiate between a substantive and control test

Table of Contents

**Learning Objectives**

Upon successful completion of this course, participants will be able to:

- Chapter 1
  - Identify the significant differences between a commercial financial audit and a Single Audit
  - Distinguish between standard setting bodies
- Chapter 2
  - Identify the three subjects of a single audit
- Chapter 3

More Learning Objectives

Select      Format      Retail Price

- |                          |   |         |  |
|--------------------------|---|---------|--|
| <input type="checkbox"/> |  Online    | \$45.00 | After purchasing this course, you may <a href="#">click here</a> to log in and access the course material. |
| <input type="checkbox"/> |  Hard Copy | \$49.00 |  |

Add To Cart

:: [Privacy Policy](#) :: [Refund Policy](#) :: [Shipping Policy](#) ::

Western CPE | Offering Continuing Professional Education (CPE) and Professional Development for Accountants and Financial Planning Professionals | [Home](#)

Photo of Beartooth Mountains courtesy of [www.magicpixel.biz](http://www.magicpixel.biz)

**PES** Quality CPE from PES  
1.800.928.5024

home  
new user  
login  
my cart  
search

Shop for CPE | License Information | About PES | Contact Us | Order a Catalog

PES CPE | [Shop](#) | [PES Online Computer-Based Courses](#) -> Item

Thursday, October 13, 2011 | Status: Not Logged In



## Government Auditing Standards

8 CPE Hours Full Course for \$59.50

**Description:** This course is based on the current version of the "Yellow Book." The course covers the purpose and applicability of GAGAS, ethics, the general standards, the field work and reporting standards for financial audits, the general field work and reporting standards for attestation engagements, the field work and reporting standards for performance audits, and more. Uses the material *Government Auditing Standards*. **PLEASE NOTE: Not accepted for Enrolled Agents.** All course material provided. No prerequisites. Course level: Basic.

[View Table of Contents](#)

[View Course Objectives](#)

Choose the Format to Add to Your Cart:

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only

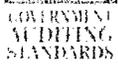
- Course: 5145/QAS5145
- Online Course ID: 5145I
- CPE Hours: 8
- Full Course Price: \$59.50
- Course Level: Basic
- NASBA  
Area of Study: Auditing - Government
- Course Material  
Total Pages: 157  
Course Content: 136  
Supplemental Material: 21
- Questions: 40
- Not Acceptable for: Enrolled Agents

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states - check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



Home > Shop > PES Online Computer-Based Courses > Res

Home > Shop > PES Online Computer-Based Courses > Res



Government Auditing Standards

Course ID: 5145-QAS5145

8 CPE Hours

View Table of Contents

Close

5145

Description:  
This course covers the field work reporting standards for Standards for Professional Accountants provided. No

- Table of Contents:**
- Introduction
  - Use and Application of GAGAS
  - Ethical Principles in Government Auditing
  - General Standards
  - Field Work Standards for Financial Audits
  - Reporting Standards for Financial Audits
  - General, Field Work, and Reporting Standards for Attestation Engagements
  - Field Work Standards for Performance Audits
  - Reporting Standards for Performance Audits
  - Appendices

View Table of

View Course

View Course

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only
3	3	3	3

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states – check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



PEL CPE | Shop | PES Online Computer-Based Courses | Item

Monday, October 12, 2020 | Status: Not Logged In

**View Course Objectives**

Close



GOVERNMENT  
AUDITING  
STANDARDS

8 CPE HO

In describing  
course covers  
the field work  
reporting stan-  
dards for  
Standards. PE  
provided. No

View Table of

View Course

After completing this course, you will understand the following:

- To discuss the purpose and applicability of GAGAS
- To list the types of GAGAS audits and attestation engagements
- To describe the ethical principles in government auditing
- To explain the general standards for conducting financial and performance audits
- To explain the standards of field work for financial audits, which include financial statement and financial related audits
- To describe the standards of reporting for financial audits
- To discuss the standards and explain the guidance for attestation engagements performed in accordance with generally accepted government auditing standards
- To describe the field work standards for performance audits, as well as some financial related audits
- To discuss the standards of reporting for performance audits, and some financial related audits

9145/QAS0145

Course ID:

Page: 8

Course Price:

Level: Basic

Start:

- Government

Material

Pages: 157

Course Content: 136

Supplemental Material:  
21

**Choose the Format to Add to Your Cart:**

▪ **Questions:** 40

▪ **Not Acceptable for:**  
Enrolled Agents

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only
3	3	3	3

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states – check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



**Quick Links**

- More on Accounting & Auditing (144)
- More on Government (4)
- More from Ronald LaPlante

**Content Provider**



## Generally Accepted Government Auditing Standards (Yellow Book): Performance Audits

**Date:** Monday, November 14, 2011

**Instructor:** Ronald LaPlante

**Begin Time:** 8:00 am Pacific Time  
 9:00 am Mountain Time  
 10:00 am Central Time  
 11:00 am Eastern Time

**CPE Credit:** 2 hours for CPAs (includes 2 Accounting & Auditing hours, 2 Government hours, 2 Yellow Book hours)

Auditors who perform governmental audits or those organizations subject to Generally Accepted Government Auditing Standards (GAGAS) should be familiar with the most recent update of the standards. This course is a summary of chapters six and seven of GAGAS pertaining to field and reporting standards of performance audits.

**Who Should Attend**

CPAs and non-CPAs charged with preparing governmental performance audits and those individuals employed by organizations receiving governmental funding subject to performance audits.

**Topics Covered**

- GAGAS specific to performing and reporting of performance audits
- Internal and information systems controls and awareness of fraud and abuse in planning performance audits
- GAGAS specific requirements relating to performing and reporting on attestation engagements
- Findings development and reporting pertaining to performance audits

**Learning Objectives**

- Understand the 2010 GAGAS update relating to performance audits
- Become familiar with the reporting process of performance audit subject matter
- Distinguish the reporting process of a performance audit from that of other engagements
- Understand the procedures involved with developing audit findings

**Level**  
 Basic

**Format**  
 Live webcast

**Instructional Method**  
 Group: Internet-based

**NASBA Field of Study**  
 Auditing (Governmental) (2 hours)

**Program Prerequisites**  
 None

**Advance Preparation**  
 None

Registration Options	
<input type="radio"/>	Individual
<input checked="" type="radio"/>	Group
*Note: 3 or more qualifies for discounted Group Participant Fee	

Fees	
Regular Fee	\$69
Group Participant Fee	\$49
Value Pass Fee	\$0

**Related Products:**

Title	Format	Date	Credit
-------	--------	------	--------

**CPE Link**

Setting the standard for professional education online.



Cart

Customer Service



(800) 616-3822

My Account

[Home](#)[Live Webcasts](#)[Self-Study](#)[Resources](#)[Firm CPE Center](#)[Instructors](#)

## Quick Links

[More on Accounting & Auditing \(144\)](#)[More from Steven C. Fustolo](#)

# Practice Issues— Compilation and Review Update

**Author:** Steven C. Fustolo**CPE Credit:** 20 hours for CPAs (includes 20 Accounting & Auditing hours)

The purpose of this course is to inform the reader of the various changes proposed by the Accounting and Review Services Committee of the AICPA and practice issues surrounding compilation and review engagements. This course changes in SSARS Nos. 9 through 19, and responsibility for fraud, internal control and going concern, representation letters for reviews, personal financial statements, using staff, compiling pro forma financial information, OCBOA financial statements, legends on financial statements, and more. Updated March 2011.

**Designed For**

Practicing CPAs and CPAs responsible for accounting, financial reporting, and performing compilations and reviews

**Topics Covered**

- SSARS No. 9-19
- Ethics rules to controllers who seek to issue financial statements
- Eliminate references to auditing literature found in the SSARSs
- Identify provisions to incorporate into engagement letters to protect the accountant against liability claims

**Learning Objectives**

- Understand how fraud and internal control apply to compilation and review engagements
- Apply going concern issues to the SSARSs and identify factors that could suggest there is a going concern problem
- Discuss the key changes to independence rules found in Interpretation 101-3

**Level**

Basic

**Format**

PDF materials

**Instructional Method**

Self-Study

**NASBA Field of Study**

Auditing (20 hours)

**Program Prerequisites**

None

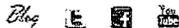
**Advance Preparation**

None

**Fees**

Regular Fee	\$199
Value Pass Fee	\$0

Follow Us

[About Us](#)[Policies](#)[CPE Credit](#)[Contact Us](#)

©2011 CPE Link

**FRAUD**



## Fraud: Essential Audit Tools and Techniques - Online

Fraud is pervasive. Today, it's not only critical that CPAs familiarize themselves with current procedural, performance and documentation standards related to fraud, they also must be prepared to respond appropriately when fraud is uncovered.

Newspaper headlines commonly read 'Fraudulent Financial Reporting Results from Audit Failure.' The number and complexity of employee theft and embezzlement cases continues to grow. Reports indicate a mere 11 percent of fraud is first discovered through traditional audits. Still regulators and the general public immediately ask, "Where was the auditor?"

Fraud is easier to prevent than it is to detect. Learn ways to enhance your auditing role in the fight against fraud.

**Note:** There is a minimum passing rate of 70% for this course.

**Prerequisite** None

**Level** Intermediate

### About the Author:

Thomas E. Noce, CPA, CFE, is a sole practitioner in Palm Springs and has more than 25 years of practical hands-on fraud and audit and accounting knowledge, primarily from working with large local firms. His current practice emphasizes tax, accounting and audit issues related primarily to the real estate and hospitality industries, as well as special engagements dealing with internal controls and fraud prevention and detection.

Mr. Noce has written and taught numerous courses for the Education Foundation. He chaired two fraud conferences and two audit and accounting conferences. He was the recipient of the Education Foundation's 2004 Award for Instructor Excellence.

**Product Code:** FRAUDOL10

**NASBA Field of Study:** Auditing

**CPE Credit:** 8.0 Accounting & Auditing  
8.0 CPE (Continuing Professional Education)  
8.0 Fraud  
8.0 Government

**Vendor:** T & T Publications LLC

**Format:** Self-Study Online

**Fee:** \$99.00 members, \$149.00 non-members

**VP Fee:** \$0.00

### Major Topics:

- Integrating SAS No. 99 into the AICPA risk assessment model
- Assessing and responding to the risk of material misstatement due to fraud

- What to do when your engagement team stumbles upon fraud while conducting an engagement
- Mechanics of prevalent fraud schemes
- Evaluating the appropriateness of the design of internal controls specifically as they relate to fraud prevention and detection
- Documentation examples and alternatives related to fraud risk assessment and corresponding responses

**Designed For:** Individuals responsible for planning or conducting audit engagements. Practitioners and those in industry responsible for fraud prevention and detection.

**Objectives**

- Understand and implement the sweeping changes embodied in the AICPA audit risk assessment model as it pertains to fraud.
- Gain an understanding of how SAS No. 99 is integrated into the risk assessment requirements.
- Understand the concept of the "fraud triangle".
- Differentiate between "detection controls" and "prevention controls".
- Develop effective audit procedures to respond to identified fraud risk.



- [home](#)
- [about us](#)
- [faq](#)
- [request catalog](#)
- [contact us](#)
- [CPE Credit Info](#)
- [login](#)

Course Search



- [FEDERAL TAX UPDATE](#)
- [FEDERAL & CALIFORNIA TAX UPDATE](#)
- [SEMINARS](#)
- [WEBCASTS](#)
- [All Access Pass](#)
- [CORPORATE & GROUP SOLUTIONS](#)

[Courses by Topic](#)

[Courses by Title](#)

[Courses by Author](#)

[Download Courses](#)

[Online Mega Tax Library](#)

[Online Exams & Grading](#)

[Self-Study Order Form](#)

[Free CPE & Pilot Testing](#)

[FAQ](#)

New in Self-Study

- [Challenges for the CFO/Controller in 2011—The Changing Role](#)

Develop leadership strategies for tackling current financial issues impacting your organization.

- [Critical Tax Update - Summer 2011](#)
- Stay up-to-date with renowned tax expert Vern Hoven's comprehensive tax manual.

Self-Study Editor's Pick

- [An Auditor's Responsibility for Fraud in Government](#)

Self-Study — Course Detail

links to other topics

- [Accounting & Auditing](#)
- [Computer Applications & Technology](#)
- [Corporate Finance](#)
- [Management & HR](#)
- [Ethics](#)
- [Governmental Accounting & Auditing](#)
- [Government & Nonprofit](#)
- [Personal Development](#)
- [Taxation & Financial Planning](#)

Phone:  
(800) 822-4194  
(406) 556-0115

Fax:  
(206) 774-1285

E-mail: [wcpe@westerncpe.com](mailto:wcpe@westerncpe.com)

243 Pegasus Drive  
Bozeman, MT 59718

Office hours:  
Monday - Friday  
7 A.M. - 6 P.M. MST

Assessing Fraud Risks: Understanding Common Fraud Schemes

*Marshall Romney*

Copyright © 2007

Course: 3044 Version 0902

NASBA Category: Auditing CPE Credits 8

Level: Basic (121 pages)

Prerequisite: There are no prerequisites.

Advance Preparation: None.



Course Description

Business fraud causes losses of billions of dollars annually. This course takes a dual approach to fraud, explaining how it can be detected as well as prevented. It shows how to identify common fraud schemes and how to proceed in an audit, based on the guidance and requirements of SAS No. 99. Author Marshall Romney breaks the material down and provides helpful examples to make topics easier to understand and apply.

"This was an excellent and timely course. It gave me the technical tools to work with small business clients who may encounter employee fraud."

— Samoa Wallach; Santa Fe, NM

[Table of Contents](#)

Learning Objectives

*Assessing Fraud Risks*

**Upon successful completion of this course, participants will be able to:**

- Chapter 1
  - Define fraud.
  - List the conditions necessary to commit fraud.
  - Identify the types of misstatements that occur when fraud is committed.
  - List the fraud risk factors.
  - Recognize the requirements outlined in SAS No. 99.

[More Learning Objectives](#)

<u>Select</u>	<u>Format</u>	<u>Retail Price</u>	
<input type="checkbox"/>	 Hard Copy	\$89.00	
<input type="checkbox"/>	 Online	\$85.00	After purchasing this course, you may <a href="#">click here</a> to log in and access the course material.

**Extra Tests:**

<u>Qty</u>	<u>Format</u>	<u>Retail Price</u>
<input type="text" value="0"/>	<input checked="" type="checkbox"/> Extra Exam Online	\$32.00
<input type="text" value="0"/>	<input checked="" type="checkbox"/> Extra Exam Hardcopy	\$32.00

[Add To Cart](#)

:: [Privacy Policy](#) :: [Refund Policy](#) :: [Shipping Policy](#) ::

Western CPE | Offering Continuing Professional Education (CPE) and Professional Development for Accountants and Financial Planning Professionals | [Home](#)

Photo of Beartooth Mountains courtesy of [www.magicpixel.biz](http://www.magicpixel.biz)



PES CPE | [Shop](#) | [PES Online Computer-Based Courses](#) -> Item

Thursday, October 13, 2011 | Status: Not Logged In



## Fraud Update

8 CPE Hours Full Course for \$64.50

**Description:** *Fraud Update* covers the latest developments related to fraud in the accounting and auditing environment. In response to the investigation of several alleged accounting violations of SEC companies, both SAS No. 99 and the Sarbanes-Oxley Act were implemented. This course is designed to assist the CPA in understanding these developments, as well as the 2010 Report on Fraud. Uses the materials entitled *Fraud Update*. **PLEASE NOTE: Not acceptable for Enrolled Agents.** All course material provided. No prerequisites. Course level: Basic.

[View Table of Contents](#)

[View Course Objectives](#)

Choose the Format to Add to Your Cart:

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only

- Course: 5150/QAS5150
- Online Course ID: 5150H
- CPE Hours: 8
- Full Course Price: \$64.50
- Course Level: Basic
- NASBA Area of Study: Auditing
- Course Material  
Total Pages: 161  
Course Content: 159  
Supplemental Material: 2
- Questions: 40
- Not Acceptable for: Enrolled Agents

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states – check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



PES CPE Shop | PES Online Computer-Based Courses - Home

Thursday, October 27, 2011 11:06 AM

**FRAUD UPDATE**

**Fraud Update**

8 CPE Hours

For comparison of accounting an alleged account Sarbanes-Oxley understanding materials'entit Agents. All of

View Table of

View Table of

View Table of

**View Table of Contents**

- Table of Contents:**
- Chapter 1: SAS No. 99 and Other Fraud Developments
  - Chapter 2: The Aftermath of Sarbanes-Oxley

Course ID: 5150/QAS5150

Close

5150H

Course Title

Course ID

Course Level

Course Base

Course Status

Course Material

Pages: 161

Content: 150

Additional Material

Hours: 40

Not Acceptable for Enrolled Agents

			I want the Exam Only...
Hard Copy	PDF	Online	Exam Only
?	?	?	?

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states - check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



Home | Shop | PES | Online Computer-Based Courses | Home

Thursday, October 11, 2012 | 5:41 PM | Exit | Logout



**Fraud Update**

5150H (QAS)5150

8 CPE Hours

**View Course Objectives**

Close

Describe the results of the 2010 Report on Fraud  
 accounting and the responsibilities of the Public Company Accounting Oversight Board  
 Sarbanes-Oxley Act  
 understanding the cost of compliance with the Sarbanes-Oxley Act  
 materials entities  
 Agents. All of

- After completing this course, you will understand the following:
- To explain the results of the 2010 Report on Fraud
  - To describe the auditor's responsibilities under SAS No. 99
  - To explain the responsibilities of the Public Company Accounting Oversight Board
  - To identify the prohibited non-audit services
  - To describe the cost of compliance with the Sarbanes-Oxley Act
  - To describe the new responsibilities for corporate boards and audit committees
  - To explain the trickle down effect of the Sarbanes-Oxley Act to all auditors

View Course Objectives

View Course Content

View Course Materials

5150H  
 8  
 Basic  
 Study  
 Material  
 161  
 Content: 159  
 Material  
 40

Not Acceptable for Enrolled Agents

Hard Copy	PDF	Online	Exam Only
?	?	?	?

*PLEASE NOTE: CPE credit measurement is based on NASBA Registry and QAS guidelines of one credit for every 50 minutes. Credit calculation may vary in different states - check with your State Board of Accountancy. Unless otherwise noted in the specific course description, no advanced preparation is required in order to register or complete any PES CPE course.*



**CPE Link**

Setting the standard for professional education online.

Home Live Webcasts Self-Study Resources Firm CPE Center Instructors

**Quick Links**

- More on Accounting & Auditing (144)
- More on Fraud (5)
- More from Art Berkowitz

## The Practical Guide to Accounting Fraud

**Author:** Art Berkowitz

**CPE Credit:** 8 hours for CPAs (includes 8 Accounting & Auditing hours, 8 Fraud hours)

This self-study course is designed as a practical guide to assist accountants in industry, government, and public practice in dealing with the risks of fraud. Anyone who becomes aware of a possible fraudulent situation ignores the implications at their own peril. The course utilizes case studies, including the author's personal experience with the Bernard Madoff case. It also contains independent research as to the causes of fraud and how and why people commit fraud. The materials highlight the most relevant issues and financial statement accounts likely to result in fraud and suggests ways to detect and prevent fraud from occurring.

**Designed For**

Accountants in industry, government, and public practice who need to learn how to deal with the risks of fraud.

**Topics Covered**

- The latest techniques in managing earnings
- Practical situations to help you detect and prevent fraud in small businesses
- Practical situations to help you detect and prevent fraud in governmental entities
- Answers the question, "Can SAS 99 be useful in detecting fraud?"
- Findings of the PCAOB and the Association of Fraud Examiners

**Learning Objectives**

- Understand how and why fraud is committed

**Level**  
Basic

**Format**  
PDF materials

**Instructional Method**  
Self-Study

**NASBA Field of Study**  
Auditing (8 hours)

**Program Prerequisites**  
None

**Advance Preparation**  
None

Fees	
Regular Fee	\$79
Value Pass Fee	\$0

# COMBINATION COURSES


[Back](#)
[Search](#)
[Add to Cart](#)

## GASB Basic Financial Statements for State and Local Governments Webcast (8111262A)

**REGISTRATION STATUS: OPEN**

The impact of GASB 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, continues to reverberate in California. Build your understanding of the impact of GASB 34, along with that of other standards and updates GASB has issued. You will review important concepts, such as basic financial statement formats, reconciliations of government-wide financial statements to the funds financial statements, note disclosures and infrastructure capital assets.

### Objectives:

- ▶ Understand GASB 34.
- ▶ Walk through GASB basic financial statements and discuss key technical elements, and analytical and statistical matters.
- ▶ Review accounting, financial reporting and disclosures for OPEB.
- ▶ Review 2011 Survey of California Cities and Counties.
- ▶ Explore current GASB pronouncements and future agenda items.
- ▶ Review internal controls for government and determine audit risk assessments using the C&L Risk-Based Audit Approach and the COSO Framework.
- ▶ Discuss the government financial crisis.
- ▶ Review audit approach for compliance audits and introduce the requirements of SAS No. 117, Compliance Audits.

### Major Topics:

- ▶ GASB Nos. 43 and 45, "Other Post-employment Benefits" and review implementation at a few government agencies
- ▶ "COSO for Smaller Governments" process of evaluating internal controls and how this methodology may be applied to government agencies
- ▶ Walk through a few special districts' basic financial

Wednesday, March 21, 2012

8:30AM - 4:00PM (Registration at 8:10AM )

**Webcast Event**

**Area:** Webcast

**CPE Credit:**

2.0 Fraud

8.0 Accounting & Auditing

8.0 CPE (Continuing Professional Education)

8.0 Government

8.0 Yellow Book

**Instructor:**

**Gary M. Caporicci, CPA, CGFM, CFF**

**NASBA Subject Area:** Accounting (Governmental)

**Delivery:** Group Internet-Based

**Course Level:** Advanced

**Fee:** \$255 CalCPA Members, \$295

Nonmembers

**Member Group Discount:** (\$60)

**Nonmember Group Discount:** (\$60)

**Coupon Fee:** \$0

**VP Fee:** \$0

statements

- ▶ GASB 34
- ▶ SAS No. 115: Communicating Internal Controls and Related Matters Identified in an Audit
- ▶ GASB No. 54: Finding Balance Reporting and Governmental Fraud Types
- ▶ Financial crisis for state and local governments in California
- ▶ SAS No. 117: Compliance Audits

**Designed for:**

CPAs who are responsible for financial reporting and who serve government entities, including cities, counties, school districts and special districts, as well as government officials who have responsibility for preparing financial statements in accordance with GAAP and GASB 34.

**Prerequisite:**

Understanding of governmental accounting and financial reporting.

**Advanced Preparation:**

None

**Note:**

**Please Note** The lunch period for this webcast will be 30 minutes, from 12-12:30 p.m., and will adjourn at 4 p.m. To ensure that all credit is properly recorded, please review your personal profile and update your CPA, CFP, CTEC and/or Bar license number(s).



[Go Back](#)[Search](#)[Add to Cart](#)[View Cart](#)

## Audit Standards Update: The New Audit Risk Assessment Standards - Text Based

With early peer review results in and more than a year's worth of experience under the profession's collective belt, it's time to fine-tune implementation plans for the AICPA Audit Risk Assessment Standards, SAS nos. 104-111. These standards were designed to eliminate the connect-the-dots methodology of checklist auditing and add critical thinking back into the audit process-this course will allow you to make sure you are delivering on this promise to your clients.

**Note:** There is a minimum passing rate of 70% for this course.

**Prerequisite** None

**Level** Overview

**About the Author:** Thomas E. Noce CPA, CFE is a graduate of Rutgers University with a degree in accounting. He holds a Certificate in Personal Financial Planning from UC Riverside, and is a Certified Fraud Examiner.

Tom began his career with a large local accounting firm in New Jersey, where he concentrated in auditing and accounting for non-profit organizations and government related agencies. In 1985, he joined a Palm Springs firm where he was a shareholder from 1995 to 2003. Tom opened his own practice in Palm Springs in 2003. His professional experience includes a variety of clients, including tribal entities, hotels, real estate, construction, homeowners associations, country clubs, non-profit organizations, and others. His current practice emphasis focuses on tax and accounting issues related primarily to the real estate and hospitality industries. He also performs special engagements dealing with internal controls and fraud prevention and detection.

Mr. Noce has authored and taught a number of courses for the Education Foundation and chaired the Foundation's first two Fraud Conferences, as well as two Audit and Accounting Conferences. He has received the Education Foundation's Award for Instructor Excellence twice, in 2004 and 2010. Currently, Tom presents six courses for the Education Foundation in the areas of Fraud, Audit and Accounting Standards, and Risk-Based Auditing.

**Product Code:** ASRISKSS10

**NASBA Field of Study:** Auditing

**CPE Credit:** 16.0 Accounting & Auditing  
16.0 CPE (Continuing Professional Education)  
16.0 Fraud  
16.0 Government

**Vendor:** T & T Publications LLC

**Format:** Self-Study Text

**Fee:** \$269.00 members, \$399.00 non-members

**VP Fee:** \$242.00

**Major Topics:**

- ▶ Assessing the risk of material misstatement
- ▶ Audit risk, materiality and tolerable misstatement
- ▶ Performing mandatory risk assessment procedures
- ▶ Evaluation of internal controls
- ▶ Responding to your risk assessment with appropriate audit procedures
- ▶ Complying with revised and expanded documentation requirements

**Designed For:**

Auditors who require an in-depth understanding of the assertion-based approach to audit risk assessment and responding to that assessment. Additionally, industry CPAs will benefit from better understanding these standards.

**Objectives**

- ▶ Understand SAS nos. 104-111.
- ▶ Assess how the standards have affected your audit practice and identify any additional changes you need to implement.
- ▶ Refine your plan for implementing the procedural and documentation requirements embodied in these standards.



**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>

**CPC Item IV**

November 17, 2011

**CBA Item X.B.4.**

November 17-18, 2011

**Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Section 37.5 – Fingerprinting Requirements****Presented by:** Deanne Pearce, Licensing Division Chief**Date:** November 2, 2011**Purpose of the Item**

To provide additional information to California Board of Accountancy (CBA) members regarding the effect on licensees and the CBA, of requiring fingerprinting of licensees not previously fingerprinted or for whom a record of fingerprint submission does not exist. Staff is also providing information on possible implementation strategies, including what other boards within the Department of Consumers Affairs (DCA) have done.

**Action(s) Needed**

Policy decisions are needed, which will be used to finalize regulations and create an implementation plan, to affect fingerprinting of the identified group of licensees.

**Background**

At the September 2011 CBA meeting, members were presented with information about requiring fingerprinting of licensees not previously fingerprinted or whom record of fingerprint submission no longer exists. Members requested additional information on items such as implementation, the cost to licensees and the population of affected licensees, and the issue was directed to the Committee on Professional Conduct (CPC) for deliberation and policy recommendations.

**Comments**

Since 1998 applicants applying for licensure are required to submit fingerprints as part of the application process. Applicants are required to submit their prints via Live Scan if residing in California. Traditional fingerprint cards (hard cards) are accepted in those cases where the applicant resides outside of California. The fingerprints are transmitted to the Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) for completion of the criminal conviction record review.

The CBA has approximately 80,000 licensed CPAs and PAs. The CBA has identified 27,716 active licensees licensed prior to January 1, 1998 who may be subject to the proposed fingerprinting requirement. There are also 15,445 licensees in an inactive status that were licensed prior to January 1, 1998 who may also be subject to the requirement either prior to renewing or converting their license to an active status.

## **Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Section 37.5 – Fingerprinting Requirements**

Page 2 of 4

Licensees with a license in a delinquent status could also slightly increase the projected numbers. The combined total accounts for half of the licensed CPA population.

Provided below is information regarding other DCA boards with a fingerprint requirement similar to the proposal being considered by the CBA. Also provided is an implementation proposal for discussion by the CBA that includes cost impact to licensees.

### Other Department of Consumer Affairs Boards with a Fingerprint Requirement

Staff reviewed the fingerprinting requirements for the Board of Behavioral Sciences (Behavioral Sciences), Board of Vocational Nursing and Psychiatric Technicians (Vocational Nursing), and Board of Optometry (Optometry), all of which adopted regulations that require fingerprinting for licensees who have not been fingerprinted previously. During the regulatory process the boards did not receive any negative comments or opposition from licensees or industry related to this new requirement.

When Vocational Nursing and Optometry implemented a fingerprint requirement, they made it a condition for individuals renewing a license in an active status. Licensees are required to submit, any time prior to the license expiration date, verification that they met the fingerprint requirement. A license cannot be renewed in an active status if the fingerprint requirement has not been met.

In addition, the renewal application includes a fingerprint compliance question which simply states “have you complied with the fingerprint requirement.” Failure to respond to this question, or a “no” response, results in the license being placed on hold and the renewal application being deemed incomplete and not eligible for renewal until proof of compliance with the fingerprint requirement is provided. Failure to comply with the fingerprint requirement is grounds for discipline.

According to the information provided by these boards, the requirement is waived if an individual is renewing a license in an inactive status. Fingerprints, however, must be submitted to re-activate or convert a license to active status. The fingerprint requirement is also waived for licensees who are actively serving in the United States military outside the country.

The Behavioral Sciences implemented a system that uses the license expiration date to establish the deadline to submit the required fingerprints, though fingerprint submission is not a condition for renewal. The fingerprint requirement applies to individuals renewing a license in an active or inactive status, and fingerprints and the Live Scan receipt may be submitted any time prior to the license expiration date. Licensees failing to comply with the fingerprint requirement are subject to disciplinary action or the issuance of a fine up to \$5,000. The fingerprint requirement is waived for licensees or registrants who are actively serving in the United States military.

## **Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Section 37.5 – Fingerprinting Requirements**

Page 3 of 4

All three boards require licensees to retain for a minimum of three years, either a receipt showing the electronic transmission of the fingerprints or a receipt evidencing that the fingerprints were taken.

### *Staffing and Workload*

Requiring fingerprints for licensees increased the workload significantly for all three boards.

- Optometry was granted an analyst position in order to properly process the several thousand fingerprint records being received from the DOJ and FBI.
- Behavioral Sciences was granted two clerical positions to process the increased fingerprint records and two analyst positions in enforcement to process increased disciplinary cases related to approximately 30,000 licensees being impacted by the new fingerprint requirement.
- Vocational Nursing increased the licensing and renewal fees by \$50 to \$100, depending on license type, in order to cover the staffing costs and enforcement activities associated with these requirements, which affected approximately 55,000 licensees. Vocational Nursing received 13 positions of which 8 were limited term positions.

### CBA Policy Decisions Needed

Staff reviewed the implementation strategies used by the above-mentioned DCA boards and as a result are recommending the following fingerprint implementation plan for the CBA. The following would only apply to those licensees not previously fingerprinted or for whom a record of fingerprint submission does not exist.

### *License Status*

The fingerprint requirement would apply only to individuals renewing their license in an active status. The fingerprint requirement would be waived if renewing in an inactive status, and for licensees applying for or renewing in a retired status. Licensees converting a license from an inactive or retired to active status would be required to comply with the fingerprint requirement prior to status conversion.

### *Verification*

Licensees would be required to submit a Live Scan receipt or a traditional fingerprint card as proof of the fingerprint requirement prior to their license expiration date. Additionally, licensees would need to complete a fingerprint compliance question on the license renewal application. Failure to respond to this question, or a “no” response, would result in the licensee having no practice rights in public accountancy until compliance was met.

### *Effective Date*

Staff recommends that the requirement become effective for licensees with an expiration date after June 30, 2014. Due to the timeframe to adopt regulations, it appears that the regulations would not become effective until mid-2013. We also took the following factors into consideration when proposing an effective date:

## Discussion on Initiating a Rulemaking to Adopt Title 16, CCR Section 37.5 – Fingerprinting Requirements

Page 4 of 4

- It is unlikely changes can be made to the license renewal application, as all DCA Office of Information Services resources will be directed towards transitioning to the BreEZe system. The CBA would not be able to successfully stop licensees from circumventing this requirement without automatically holding their license during the renewal process.
- Staff will need time to work with the DOJ to obtain a viable list of licensees who are subject to the fingerprinting requirement.
- Staff will need to provide the fingerprint information and forms to affected licensees with sufficient time to ensure a high compliance rate.
- Possibility of less confusion and a higher percentage of compliance from licensees will result with implementation linked to the license renewal process.
- The current fingerprint processing fee for DOJ and FBI is \$51. An additional print “rolling” fee of \$5 to \$45 may be required at the fingerprint site. By allowing sufficient time to comply with the fingerprint requirement, the cost of fingerprinting and paying the license renewal fee should minimize any financial burden on licensees.

### *Staffing*

Two years ago when Senate Bill 389, which proposed mandatory fingerprinting, was being considered by the Legislature, it was originally anticipated approximately three staff positions would be needed to handle the workload created by the fingerprint requirement. With the implementation of the BreEZe system, it's anticipated there would be less of an impact on CBA staffing resources and we may need only one or two limited term positions which would need to be obtained through the budget change proposal process. Staffing impacts will be further researched once the CBA begins the transition to BreEZe and we are able to identify options for automating the notification, collection, and tracking process.

### *Outreach*

It is incumbent that the CBA ensure affected licensees are aware of the fingerprint requirement. In order to address this, staff will explore using the CBA website, Update articles, E-News notifications, social media, and direct mailings as tools to reach out to licensees.

### **Recommendation**

As identified in the memorandum presented at the September 22, 2011, CBA meeting, this fingerprint requirement would be one additional step the CBA could take to ensure consumer protection. Staff is therefore encouraging the CBA to accept the staff recommendations outlined above, approve the draft regulations (**Attachment 1**) and direct staff to initiate the rulemaking process.

### **Attachment**

**PROPOSED REGULATORY LANGUAGE**

Adopt Section 37.5 in Article 5 of Division 1 of Title 16 of the California Code of Regulations to read:

**Section 37.5 - Fingerprinting Requirements.**

(a) A licensee applying for renewal who has not previously submitted fingerprints as a condition of licensure or for whom an electronic record of the licensee's fingerprints does not exist in the Department of Justice's criminal offender record identification database shall successfully complete a state and federal level criminal offender record information search conducted through the Department of Justice by the licensee's renewal date that occurs after June 30, 2014.

(1) A licensee shall retain for at least three years as evidence of having complied with subdivision (a) either a receipt showing that he or she has electronically transmitted his or her fingerprint images to the Department of Justice or, for those who did not use an electronic fingerprint system, a receipt evidencing that his or her fingerprints were recorded and submitted to the board.

(2) An applicant for renewal shall pay the actual cost of compliance with subdivision (a).

(3) As a condition of petitioning the board for reinstatement of a revoked or surrendered license, an applicant shall have complied with subdivision (a).

(4) The board shall waive the requirements of this section if the license is renewed in an inactive or retired status or if the licensee is actively serving in the United States military. The board shall not return a license to active status until the licensee has complied with subdivision (a).

(b) Failure to provide all of the information required by this section renders an application for renewal incomplete and the license will not be renewed until the licensee demonstrates compliance with all requirements.

Note: Authority cited: Sections 144, 462, and 5010, Business and Professions Code.  
Reference: Sections 144, 462, 490, 5070.5, and 5100, Business and Professions Code;  
and Sections 11105(b)(10) and 11105(e), Penal Code.

**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>

**CPC Item IV.**

November 17, 2011

**CBA Item X.B.4.**

November 17-18, 2011

**Addendum to Discussion on Initiating a Rulemaking to Adopt Title 16, Section 37.5 –  
Fingerprinting Requirements**

**Presented by:** Deanne Pearce, Licensing Division Chief

**Date:** November 10, 2011

---

**Purpose of the Item**

This item is an overview of recent changes to the proposed regulatory language for Fingerprinting Requirements (**Attachment**) which were made based on guidance provided by legal counsel.

**Action(s) Needed**

As identified in the original agenda item, policy decisions are needed which will be used to finalize the regulatory language to implement a fingerprinting requirement for the identified group of licensees.

**Background**

Following the development of the original agenda item contained in the CBA meeting materials that were mailed on November 3, 2011, CBA's legal counsel identified areas in the proposed regulatory language that should be modified to fully support the implementation recommendations provided by staff for member's consideration.

**Comments**

Based on guidance provided by legal counsel, the following changes have been made to the proposed regulatory language:

- Section 37.5(b) – This new language authorizes the CBA to ask certified public accountants (CPA) and public accountants (PA) if they have complied with the fingerprinting requirement at the time of renewal.
- Section 37.5(c) and Section 37.5(d) – This new language provides additional authority for the CBA to ask CPAs and PAs to disclose convictions or license discipline at the time of renewal. The present disclosure question is as follows:

“Since you last renewed your license, have you been convicted of a felony; any crime related to the professional responsibilities of a CPA or PA; or experienced the cancellation, revocation, suspension of a certificate or right to practice by any other state or foreign body?”

## **Addendum to Discussion on Initiating a Rulemaking to Adopt Title 16, Section 37.5 – Fingerprinting Requirements**

Page 2 of 2

### **Recommendation**

Should the staff recommendations outlined in the original agenda item be approved, staff recommends CBA members approve the amended draft regulations and direct staff to initiate the rulemaking process.

### **Attachments**

Proposed Regulatory Language (Revised)

## PROPOSED REGULATORY LANGUAGE

Adopt Section 37.5 in Article 5 of Division 1 of Title 16 of the California Code of Regulations to read:

### **Section 37.5 - Fingerprinting and Disclosure Requirements.**

(a) A licensee applying for renewal as a certified public accountant or public accountant who has not previously submitted fingerprints as a condition of licensure or for whom an electronic record of the licensee's fingerprints does not exist in the Department of Justice's criminal offender record identification database shall successfully complete a state and federal level criminal offender record information search conducted through the Department of Justice by the licensee's renewal date that occurs after June 30, 2014.

(1) A licensee shall retain for at least three years as evidence of having complied with subdivision (a) either a receipt showing that he or she has electronically transmitted his or her fingerprint images to the Department of Justice or, for those who did not use an electronic fingerprint system, a receipt evidencing that his or her fingerprints were recorded and submitted to the board.

(2) An applicant for renewal shall pay the actual cost of compliance with subdivision (a).

(3) As a condition of petitioning the board for reinstatement of a revoked or surrendered license, an applicant shall have complied with subdivision (a).

(4) The board shall waive the requirements of this section if the license is renewed in an inactive or retired status or if the licensee is actively serving in the United States military. The board shall not return a license to active status until the licensee has complied with subdivision (a).

(b) As a condition of renewal, a certified public accountant or public accountant licensee shall disclose on the renewal form whether he or she has submitted an electronic record of fingerprints to the Department of Justice and successfully completed a state and federal level criminal offender record information search.

(c) As a condition of renewal, an applicant for renewal as a certified public accountant or public accountant shall disclose on the renewal form whether he or she has been convicted, as defined in Section 490 of the Business and Professions Code, of any violation of the law in this or any other state, the United States, or other country, omitting traffic infractions under \$300 not involving alcohol, dangerous drugs, or controlled substances.

(d) As a condition of renewal, an applicant for renewal as a certified public accountant or public accountant shall disclose on the renewal form whether he or she has

Attachment

experienced the cancellation, revocation, suspension of a certificate or right to practice by any other state or foreign body.

(e) Failure to provide all of the information required by this section renders an application for renewal incomplete and the license will not be renewed until the licensee demonstrates compliance with all requirements.

Note: Authority cited: Sections 144, 462, and 5010, Business and Professions Code. Reference: Sections 144, 462, 490, 5063, 5070.5, and 5100, Business and Professions Code; and Sections 11105(b)(10) and 11105(e), Penal Code.



**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>



**CPC Item V.**  
November 17, 2011

**CBA Item X.B.5.**  
November 17-18, 2011

## **Information Regarding the Collection of Email Addresses from Licensees**

**Staff:** Deanne Pearce, Licensing Division Chief

**Date:** November 2, 2011

---

### **Purpose of the Item**

Staff is providing members with information regarding activities to be addressed during coming months regarding the collection of email addresses from CBA licensees. Staff will report the progress of these activities at future CBA meetings.

### **Action(s) Needed**

No specific CBA action is required for this agenda item.

### **Background**

At the September 2011 CBA meeting members discussed the low number of licensees that had "opted in" to continue receiving a hard copy of the CBA's newsletter, UPDATE. It was suggested that prior to eliminating the hard-copy UPDATE publication, licensees should be given an additional opportunity to notify the CBA that they wish to receive a hard-copy.

This led to a discussion regarding the CBA's inability to communicate via email to the licensee population, given that we don't collect email addresses from licensees and that we only have a low number of licensees who have voluntarily subscribed to CBA E-News. Staff was directed to research and bring back recommendations related to how the CBA might implement an email collection process and regulations the CBA could promulgate to require licensees to provide email addresses.

### **Comments**

It is anticipated that once the CBA is transitioned to the BreZE system, it will allow us the functionality to obtain, store and utilize email addresses. There will be a requirement for applicants and licensees to supply their email address in order to use the BreZE system. Therefore, in order for licensees to benefit from conducting various transactions on-line, including the option for on-line credit card payments, they will be obliged to provide an email address.

Consequently, in addition to the BreZE system benefitting licensees by enabling execution of on-line transactions, it is believed the system will additionally allow the CBA to send "blanket" email notifications on topics such as UPDATE and changes in

## Information Regarding the Collection of Email Addresses from CBA Licensees

Page 2 of 4

laws, as well as allow correspondence to individual licensees for issues such as renewal deficiencies, name change requests, and address changes.

Still, the benefits to be derived from BreEZe will not be realized for a number of years. Consequently, in light of CBA members' discussion and direction at the September meeting, staff believes the following two disparate strategies should be considered by the CBA – to be employed simultaneously.

1. Finalize research and initiate drafting of regulatory language to effectuate the mandatory collection of email addresses.
2. Determine strategies the CBA can employ outside of the regulatory process, and prior to this agency's transition to BreEZe, that can expand utilization of email as a communication tool with our licensees.

Provided below are activities that CBA staff will explore and/or undertake that encompass both mandatory and voluntary reporting processes tied to the collection of email addresses from licensees.

### Mandatory Reporting of Email Addresses

As pointed out by legal counsel at the September meeting, the CBA presently has no authority, either through statute or regulation, to require that licensees provide this agency with email addresses. Legal counsel further suggested that this requirement could be accomplished through regulation, as opposed to requiring a legislative solution. Staff has used this initial guidance to formulate thoughts, strategies and questions to create a plan of action that will require all licensees to submit email addresses to the CBA.

### *Specific Actions*

Staff has brainstormed the concept of mandatory reporting, and created the following list of actions that will guide research and further development of plans underpinning a regulatory solution.

- Communicate with California BAR staff to obtain information on their implementation process and identify strategies that may assist the CBA.
- Query the National Association of State Boards of Accountancy (NASBA) regarding its knowledge regarding other State Boards of Accountancy that require licensees to provide email addresses.
- Conduct a NASBA "Quick Poll" with other states to identify those having an email reporting requirement. Follow up with identified states, as appropriate, to get information regarding their supporting statutes, regulations and IT solutions.
- "Expose" the concept of mandatory collection to licensees currently subscribed to E-news to get stakeholder feedback regarding the concept.
- Research limitations on use of email for documents requiring legal service (e.g. Enforcement)

## Information Regarding the Collection of Email Addresses from CBA Licensees

Page 3 of 4

- Request assistance from professional trade organizations by “exposing” the concept through its various publications to get broad stakeholder feedback regarding the concept.
- Confirm with DCA BreEZe Team how email address collection will work in the new licensing system.
  - What authority does DCA (BreEZe) have to collect (require) email information?
  - Who is responsible to update email address once originally reported?
  - Will BreEZe actually store and use addresses over time, or require new address submission each time a licensee accesses the system?

Other questions and issues that staff identified that members may wish to deliberate are noted below.

- What is the “necessity” underpinning the CBA’s requirement that licensees report this information? This question must be answered in the “Initial Statement of Reasons”, which is part of the regulatory process.
- While it is clear that email may be a cost effective way to communicate with our licensees, would this form of communication be considered less professional than sending traditional letters. In addition, would email communications get “lost” in mix of other emails. Feedback that is received tied to the “exposure” activities noted above may provide members with more perspective regarding this issue.

### Voluntary Reporting of Email Address

There are two distinct elements that must be considered related to expanded utilization of voluntary email reporting – the message and the mechanisms. Taking the second element first, below are some mechanisms staff will use to “get the message out” to encourage licensees to provide their email addresses to the CBA.

#### *Mechanism; Database for Collection and Storage of Email Address*

The CBA presently uses the E-News database to collect email addresses from a wide variety of stakeholders, and this database is used to notify these stakeholders when new information, in a topic area they have expressed a particular interest, is posted to the CBA website. The categories of “topic specific” information are noted below.

- California Licensee
- Consumer Interest
- Examination Applicant
- Licensing Applicant
- Out-of-State Licensee
- Statutory/Regulatory
- Meeting Information and Agenda Materials
- UPDATE Publication

Staff are optimistic that the E-news database functionality can be expanded to begin the active collection of email addresses from licensees. It is believed that by adjusting the sign-up process to include a name and license number from subscribers that are licensees, a repository of CBA licensee email addresses can be developed that could be used to communicate with licensee stakeholders. There are, of course, some

## Information Regarding the Collection of Email Addresses from CBA Licensees

Page 4 of 4

constraints with this approach, such as E-news sign-up is voluntary, and licensees would be responsible for keeping their email address current.

Still, staff believes the effectiveness of utilizing this established and proven communication medium as a temporary measure could be enhanced through additional outreach efforts employing the tools below.

### *Mechanism; UPDATE Publication*

CBA staff will utilize the UPDATE publication, as well as any other print media opportunities, to notify licensees of the benefits of signing up for E-News as a way to stay in close contact with the CBA regarding issues that affect their license.

### *Mechanism; Social Media*

As the CBA continues to use Social Media as a vehicle to deliver information about CBA news and events, it will also utilize Social Media to steer licensees to sign-up for E-News.

### *Mechanism; Website Changes*

Staff will review the accessibility of E-News on the CBA website with a goal of making it more pronounced and visible, and will “sales pitch” the importance of licensees supplying their email address through an E-News subscription.

### *Mechanism; Modification of Forms*

Staff will modify the present renewal form insert to alert licensees to sign up for E-News. In addition, as applicants are approved for CPA licensure, staff will notify them regarding E-News and the advantages of signing up and providing their email address to the CBA.

### *The Message*

Though it is apparent that the CBA has at its disposal a number of mechanisms to “get the message out” to licensees, the second key element to increased voluntary submission of email address hinges on the message, or “sales pitch”, that will prompt licensees to provide their email information. The CBA Outreach Committee will be charged with creating various messages over coming months that will prompt licensees to voluntarily sign up for E-news subscriptions. CBA members are encouraged to provide to staff ideas they might have that will generate “excitement” or “buzz” that can be distributed through the mechanisms noted above, to prompt more licensees to subscribe to E-news.

### **Recommendation**

Staff would value any feedback members may have on the above activities, as well as any ideas they believe would assist in getting the message out regarding the importance of supplying an email address to the CBA.



**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>



**CBA Item X.F.2.**  
November 17-18, 2011

### **Acceptance of 2012 QC Meeting Dates**

**Member:** Fausto Hinojosa, Chair, Qualifications Committee (QC)

**Date:** October 28, 2011

---

#### **Purpose of the Item**

The purpose of this item is to request the California Board of Accountancy (CBA) approve the 2012 CPA QC meeting dates.

#### **Action Needed**

The QC is requesting the CBA members adopt the 2012 meeting dates.

#### **Background**

The following dates have been approved by the QC Members:

- January 25, 2012          Southern California
- April 25, 2012          Northern California
- August 1, 2012          Southern California
- October 24, 2012        Northern California

#### **Comments**

None

#### **Recommendation**

Staff recommends approval of the meeting dates.



**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>



**CBA Item XI.A.**  
**November 17-18, 2011**

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

**MINUTES OF THE**  
**SEPTEMBER 1, 2011**  
**SPECIAL TELECONFERENCE MEETING OF THE CBA**  
 (Government Code Section 11125.4(a)(2))

**Teleconference Locations:**

**Draft 9/21/11**

RJI Ramirez Jimenez International CPAs* 1900 Main St., Ste. 375 Irvine, CA 92614	Gumbiner Savett Inc. 1723 Cloverfield Blvd. Santa Monica, CA 90404
Law Offices of Lenora Taylor 109 Jackson St., Ste. 240 Hayward, CA 94544	LaManna & LaManna CPAs 16870 West Bernardo Dr., Ste. 400 San Diego, CA 92127
Bureau of Automotive Repair 1361 South Winchester Blvd., Ste. 206 San Jose, CA 95117	Leung Accountancy Corp. 2135 Huntington Dr., Ste., 108 San Marino, CA 91108
3130-C Inland Empire Blvd. Ontario, CA 91764	575 Park Ave. New York, NY 10065

\*Live Webcast took place from this location.

Roll Call and Call to Order.

President Sally Anderson called the teleconference meeting to order at 3:00 p.m. on Thursday, September 1, 2011.

**CBA Members**

**September 1, 2011**

Sarah (Sally) Anderson, CPA, President	3:00 p.m. to 3:47 p.m.
Marshal Oldman, Vice President	Absent.
Leslie LaManna, CPA Secretary-Treasurer	3:00 p.m. to 3:47 p.m.
Diana Bell	3:05 p.m. to 3:47 p.m.
Alicia Berhow	3:00 p.m. to 3:47 p.m.
Michelle Brough	3:00 p.m. to 3:47 p.m.
Donald Driftmier, CPA	3:00 p.m. to 3:47 p.m.
Herschel Elkins	3:00 p.m. to 3:47 p.m.
Laurence Kaplan	Absent.
Louise Kirkbride	3:00 p.m. to 3:47 p.m.

K.T. Leung, CPA	3:00 p.m. to 3:47 p.m.
Manuel Ramirez, CPA	3:00 p.m. to 3:47 p.m.
Michael Savoy, CPA	3:00 p.m. to 3:47 p.m.
David Swartz, CPA	3:00 p.m. to 3:47 p.m.
Lenora Taylor	3:00 p.m. to 3:47 p.m.

#### Staff and Legal Counsel

Patti Bowers, Executive Officer  
Rich Andres, Information Technology Staff  
Matthew Stanley, Legislation/Regulation Analyst  
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)

#### Other Participants

Samuel Lemmon, University of Southern California

#### I. Determination of Need for Special Meeting (**Sally Anderson**).

**It was moved by Mr. Driftmier, seconded by Ms. Taylor and carried by those present to adopt the finding of need for the special teleconference meeting of the CBA (see Attachment \_\_ ). Ms. Bell abstained.**

#### II. Discussion and Action to Adopt a Position on Assembly Bill (AB) 1424 – Franchise Tax Board: Delinquent Tax Debt (**Matthew Stanley, CBA Staff**).

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment \_\_** ).

Mr. Stanley stated that the current version of AB 1424 requires licensing entities to match Social Security Numbers of its licensees against the Franchise Tax Board (FTB) or State Board of Equalization (BOE) list of top delinquent taxpayers. If a licensing agency finds a match to one of its licensees, it must mail a notice within 30 days notifying the licensee of the intent to suspend the license. No sooner than 90 days, but no later than 120 days after that notice is mailed, the agency must suspend the license. If a board/bureau under the DCA fails to take action within 120 days of mailing the original notice, the DCA is required to do so.

Ms. Anderson inquired whether any other boards/bureaus within DCA support the bill. Mr. Stanley stated none are in support at this time.

Mr. Ramirez expressed concern to Ms. Bowers regarding AB 1424 not being addressed at the July CBA meeting. Mr. Ramirez further stated that he appreciates Ms. Bowers for addressing his concerns and making efforts to ensure the CBA has adequate time to address legislative matters in the future. Ms. Anderson stated that the September CBA meeting will include an educational presentation on legislation tracking.

Mr. Ramirez stated that regarding AB 1424, this is not the first time that the FTB has attempted to become involved with the restriction of licenses. Mr. Ramirez stated that the CBA and the California Society of Certified Public Accountants have already opined that such authority should not be given to the FTB. Mr. Ramirez further stated that he has a problem with the FTB trying to take a right that resides strictly with the CBA.

Mr. Ramirez inquired whether legal counsel has an opinion regarding this matter. Ms. Shellans stated there is already a program in place that is similar to this proposal, and it is her opinion that with passage of this bill, the FTB is seeking assistance from the CBA with respect to the collection of taxes.

Mr. Ramirez inquired regarding how the CBA has handled matters historically with individuals on the FTB's list. Ms. Bowers stated that to her knowledge, the CBA has had one person on the list. Ms. Bowers further stated that an investigation was pursued and the matter was resolved without discipline. Mr. Ramirez stated that given this information, the CBA should not support the bill.

Ms. Brough stated that she finds the bill offensive and problematic, and that it places a huge burden on the CBA. Ms. Brough stated she opposes the bill.

Ms. Berhow suggested that the CBA consider offering amendments to the bill and that she opposes the bill as-is.

Ms. LaManna inquired regarding why the Contractors State License Board (CSLB) was excluded from the bill. Mr. Stanley stated there is already a process in place for CSLB. Ms. LaManna stated she concurs with Mr. Ramirez' comments and opposes the bill.

Ms. Bell stated that we are required by law to pay taxes and it is an important aspect in terms of consumer protection. Ms. Bell inquired if DCA could handle the matter and not add workload to the CBA. Mr. Stanley stated that the CBA would be legally required to comply. Mr. Stanley further stated the CBA would have to violate the law in order for DCA to step in and handle.

Ms. Taylor stated she is in opposition of the CBA being required to take on this added responsibility.

Mr. Driftmier stated the CBA should not be involved in the tax collection process, and that he opposes the bill.

Mr. Elkins stated he does not believe the CBA can stop the bill. Mr. Elkins suggested that the CBA take a Neutral position.

Michael Savoy stated mistakes are made and it is not the CBA's responsibility to police whether the FTB has made an accurate assessment. Mr. Savoy indicated that he opposes the bill.

Ms. Kirkbride stated that the bill is an overreach by the State, and that she opposes the bill.

Mr. Leung stated it is CBA's responsibility to protect consumers, not to collect taxes, as such, he opposes the bill.

Mr. Swartz stated the CBA does not have financial requirements for licensure and therefore should not be suspending licenses due to financial requirements associated with the FTB. Mr. Swartz noted his opposition to the bill.

**It was moved by Mr. Ramirez, seconded by Ms. Brough and carried by those present to adopt an Oppose position on AB 1424. Ms. Bell and Mr. Elkins opposed the motion.**

III. Public Comments.

No comments were received.

Adjournment.

President Anderson adjourned the meeting at 3:47 p.m.

---

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.



**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>



**CBA Item XI.B.**  
**November 17-18, 2011**

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

**DRAFT**  
**11/2/11**

**MINUTES OF THE**  
**SEPTEMBER 22, 2011**  
**CBA MEETING**

Tsakopoulos Library Galleria  
 828 I Street  
 Sacramento, CA 95814  
 Telephone: (916) 264-2800  
 Facsimile: (916) 264-2809

Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 9:01 a.m. on Thursday, September 22, 2011 at the Tsakopoulos Library Galleria in Sacramento, California. The meeting adjourned at 3:15 p.m.

CBA Members

Sarah (Sally) Anderson, President	9:01 a.m. to 11:55 a.m.
Marshal Oldman, Vice President	9:01 a.m. to 3:15 p.m.
Leslie LaManna, Secretary-Treasurer	9:01 a.m. to 3:15 p.m.
Diana Bell	9:01 a.m. to 3:15 p.m.
Alicia Berhow	9:01 a.m. to 3:15 p.m.
Michelle Brough	Absent.
Donald Driftmier	9:01 a.m. to 3:15 p.m.
Herschel Elkins	9:01 a.m. to 3:15 p.m.
Laurence (Larry) Kaplan	9:01 a.m. to 3:15 p.m.
Louise Kirkbride	9:01 a.m. to 11:55 a.m.
Kitak (K.T.) Leung	9:01 a.m. to 3:15 p.m.
Manuel Ramirez	9:01 a.m. to 11:55 a.m.
Michael Savoy	9:01 a.m. to 3:15 p.m.
David Swartz	9:01 a.m. to 3:15 p.m.
Lenora Taylor	9:01 a.m. to 3:15 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer  
 Rich Andres, Information Technology Staff

Veronica Daniel, Board Relations Analyst  
Paul Fisher, Supervising Investigative CPA  
Lauren Hersh, Communication and Planning Manager  
Rafael Ixta, Chief, Enforcement Division  
Kari O'Connor, Special Projects Analyst  
Deanne Pearce, Chief, Licensing Division  
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)  
Carl Sonne, Deputy Attorney General, Department of Justice  
Matthew Stanley, Legislation/Regulation Analyst

#### Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)  
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)

#### Other Participants

John Ams, Executive Vice President, National Society of Accountants (NSA)  
Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Samuel Lemon, Center for Public Interest Law  
Morris Miyabara, California Society of Accounting & Tax Professionals (CSATP), NSA  
Pilar Onate-Quintana, KP Public Affairs  
Joseph Petito, The Accountants Coalition  
Jonathan Ross, KP Public Affairs  
Hal Schultz, CalCPA  
Jeannie Tindel, CalCPA  
Donna Watson, CSATP, NSA

#### I. Report of the President.

##### A. Educational Presentation on Legislative Tracking.

Ms. Bowers introduced CBA staff member Kari O'Connor. Ms. Bowers stated that Ms. O'Connor was recently assigned to assist in the area of legislation.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Mr. Ramirez inquired if the Franchise Tax Board (FTB) would be covered in the search topics for tracking. Mr. Stanley confirmed the FTB would be covered under the search topic 'Tax Agencies.'

Ms. Anderson inquired if the CBA is covered under the search topics. Mr. Stanley confirmed the CBA would be covered under the search topics of 'Accountancy' and 'Licensing.'

B. Proposed Modification to 2012 CBA Meeting Calendar.

**It was moved by Mr. Oldman, seconded by Ms. Berhow and carried by those present to modify the July 2012 CBA meeting to a one-day meeting on Thursday, July 26, 2012. Ms. Taylor abstained.**

C. Announcement Regarding Annual Officer Elections.

Ms. Anderson stated that members who wish to be considered for a Leadership position should submit a Statement of Qualifications to the Board Relations Analyst, Veronica Daniel, by October 14, 2011.

D. Presentation of CBA Leadership's Award of Excellence.

Ms. Anderson presented Ms. Daniel with the first annual CBA Leadership's Award of Excellence.

II. Report of the Vice President.

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

There was no report for this item.

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

There was no report for this item.

C. Resolution for Retiring EAC Member, Arthur Thielen.

**It was moved by Mr. Ramirez, seconded by Ms. Taylor and unanimously carried by those present to adopt the resolution for retiring EAC member, Arthur Thielen.**

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. Fiscal Year 2010-11 Year End Financial Report.

Ms. LaManna provided an overview of this item (**see Attachment \_\_\_**).

Mr. Ramirez requested that staff provide analysis to clarify the 25 percent increase in administrative costs.

IV. Report of the Executive Officer (EO).

A. Update on Hiring Freeze Exemption Requests.

Ms. Bowers stated the CBA has an exemption request for one Investigative CPA position and one Office Technician position in review with the Department of Finance. Ms. Bowers further stated that in light of the Governor's current focus on enforcement, a letter was sent to Acting Director Stiger to request reconsideration of the CBA's previous exemption request to fill all Investigative CPA vacancies.

Mr. Ramirez acknowledged Ms. Bowers for her efforts regarding the exemption requests.

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

Ms. Hersh provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Mr. Driftmier inquired whether information on professional standards is being provided through social media. Ms. Hersh stated the idea with social media is to drive people to the CBA's website to obtain such information.

Mr. Ramirez expressed concern that interested parties who have not opted-in to receive the electronic version of the UPDATE publication may not be receiving the CBA's message. Mr. Ramirez recommended the CBA send one last hard copy edition of UPDATE, indicate that it is the "last one," and provide a reminder to opt-in should they wish to continue receiving a hard copy.

Mr. Swartz suggested that the CBA consider pursuing a regulatory change to require licensees to provide email addresses. Ms. Anderson concurred and assigned this matter to the Committee on Professional Conduct for further evaluation.

Ms. Anderson concurred with Mr. Ramirez' recommendation to distribute one final paper version of the UPDATE publication and follow up a few months later with a reminder (*i.e.* postcard) to those who have not opted-in.

C. CBA 2010-2011 Annual Report.

Mr. Rich provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Ms. Anderson inquired regarding the FISHing training. Mr. Rich stated it was teambuilding training for staff facilitated by the DCA's SOLID Training Solutions.

D. Update on Legislation Which the CBA Has Taken a Position (Assembly

Bill (AB) 431, AB 1424, Senate Bill (SB) 103, SB 306, SB 541, SB 543, SB 706, SB 773).

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Mr. Stanley stated that staff recommends no change of position on AB 431, AB 1424, SB 306, SB 541, SB 543, and SB 706. Mr. Stanley further stated that staff recommends the CBA discontinue following SB 103 and adopt a Neutral position on SB 773.

Mr. Ramirez inquired whether the CBA should seek legislation to incorporate the deleted disciplines from SB 773 in anticipation of the Governor's signature. Ms. Anderson stated it is best to wait on the outcome before pursuing such legislation.

Mr. Driftmier stated he is disappointed with the amendments made to SB 773; he is however, pleased that the matter is moving forward.

**It was moved by Mr. Driftmier, seconded by Mr. Swartz and unanimously carried by those present to adopt a Support position on SB 773.**

E. Discussion on Initiating a Rulemaking to Amend California Code of Regulations (CCR), Title 16, Section 4 – Safe Harbor.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Ms. Shellans stated that regulations regarding advertising and commercial speech are risky and often struck down by various federal courts. Ms. Shellans stated the options offered by the Supreme Court stating the advertiser is "not licensed by the state," or that the "services being offered do not require a license," are acceptable. Ms. Shellans further stated that the option provided by the associations stating the advertiser "is not required to be licensed by the CBA" could be misleading as the services being provided are unknown.

Ms. Shellans recommended language to include stating "the aforementioned services do not require a license by the CBA." Ms. Shellans further stated that this language provides a scope and relationship back to the service being provided.

Mr. Ramirez stated he is in favor of the Supreme Court's first recommendation stating that the advertiser is not licensed by the CBA.

Ms. Taylor recommended incorporating both options offered by the Supreme Court.

Ms. LaManna concurred with the language proposed by the California Society of Enrolled Agents, with an amendment stating “We [I] are [am] not required to be licensed by the CBA. If reviewed, audited, or compiled financial statements are desired for greater assurance, the services of someone licensed by the CBA would be required.”

CBA members further discussed the importance of conveying a clear message to the public that not all accountants are licensed by the CBA.

**It was moved by Ms. Anderson, seconded by Mr. Ramirez and unanimously carried by those present to adopt the following proposed language “We [I] are [am] not licensed nor required to be licensed by the CBA for the preparation of these financial statements. If compiled, reviewed, or audited financial statements are desired, the services of someone licensed by the CBA would be required.”**

Mr. Ams, Executive Vice President of National Society of Accountants (NSA), stated the current safe harbor language is consistent with the Uniform Accountancy Act. Mr. Ams stated that there is no problem with the Supreme Court’s proposed language; however, NSA would oppose the incorporation of compilations. Mr. Swartz stated the CBA is not stating that a compilation is an attest function, but if a compilation is desired, then seek the services of a licensee. Mr. Driftmier stated that compilations are serious business and should be performed by a licensee.

**It was moved by Mr. Ramirez, seconded by Ms. LaManna and unanimously carried by those present to initiate the rulemaking process to amend CCR, Title 16, Section 4 – Safe Harbor.**

- F. Discussion of Report to the Financial Accounting Foundation (FAF) on Potential Revised Accounting Standards for Private Companies and a New Standard Setting Board.

Mr. Fisher provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Ms. Bowers stated that this matter was previously addressed as a NASBA focus question; it was however, removed in order to allow states more time for deliberation. Ms. Bowers further stated the topic may resurface from NASBA with a request for feedback once the FAF issues its report.

Mr. Driftmier stated this may affect the Enforcement Unit if licensees are not up-to-date in reviewing the revised standards.

- V. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of this item (**see Attachment \_\_\_**).

Mr. Driftmier stated that California State University Fullerton does not currently have courses on accounting ethics. Mr. Driftmier further stated that this is an example of a fairly large school with a fairly large accounting major that will be impacted by the new requirements.

Ms. Pearce stated that as part of outreach, communications will be sent to colleges and universities to make them aware of the new requirements.

Ms. Bell inquired if there were any areas of concern identified regarding the practices followed by Prometric during the site visits. Ms. Pearce stated there were no major concerns with the three sites visited. Ms. Pearce further stated that staff will pursue travel approval in order to inspect the remaining testing centers.

B. Discussion on Fingerprinting CPAs Licensed Prior to January 1998.

Ms. Pearce provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

Ms. Anderson stated that from a consumer protection standpoint, the CBA should implement the fingerprinting requirement for all licensees.

**It was moved by Ms. Taylor, seconded by Ms. Bell and unanimously carried by those present to initiate the process to require fingerprinting for all licensees who do not currently have fingerprints on file with the Department of Justice (DOJ), and incorporate this requirement as a condition for renewal.**

CBA members discussed the issue of why fingerprinting stopped. Ms. Shellans discussed the previous challenges regarding proposed legislation that would require licensees to be fingerprinted. Ms. Shellans further stated that the present authority to require applicants for licensure to get fingerprinted was enacted in 1998.

Ms. Anderson requested that staff research and provide potential proposals for accomplishing the fingerprinting requirement. Ms. Anderson further stated that this matter will be assigned to the CPC.

**At this time, CBA members heard Agenda Items IX.A.-IX.E. and XI.B.-XI.C. (see pages XXX-XXX).**

VI. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations, Default Decisions, and Proposed Decisions).

CBA members convened into closed session at 2:00 p.m., and the meeting reconvened into open session at 2:28 p.m.

VII. Report of the Enforcement Chief.

A. Enforcement Case Activity and Aging Report.

B. Citation and Fine Activity Report.

C. Reportable Events Report.

Mr. Ixta provided an overview of agenda items VII.A.-VII.C.

Mr. Swartz inquired regarding the process for collection of outstanding fines. Mr. Ixta stated that the current workload in the Enforcement Unit does not allow for staff to actively pursue collections. Mr. Ixta further stated outstanding fines are added to licensees' renewal fees and are required to be paid as a condition for renewal.

D. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment \_\_**).

No comments were received.

E. Annual Results from the DCA Performance Measures Report.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment \_\_**).

No comments were received.

VIII. 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. Ethics Curriculum Committee (ECC).

Report of the August 16, 2011 ECC Meeting.

Mr. Driftmier stated that the ECC met and accepted the CBA's recommendations regarding the 10 units of ethics study. Mr. Driftmier further stated that staff stands ready to submit a regulatory package should SB 773 fail.

E. Peer Review Oversight Committee (PROC).

1. Report of the August 30, 2011 PROC Meeting.

Ms. Corrigan stated that at its August meeting, the PROC heard subcommittee reports from the oversight that was performed at AICPA Peer Review board meetings, CalCPA Report Acceptance Body (RAB) meetings, as well as peer review training sessions.

Ms. Corrigan stated that all reports were positive and a very high level of technical proficiency and professional conduct was observed.

Ms. Corrigan further stated that the PROC is working on determining the best way to relay the information and feedback received as a result of the oversight.

Ms. Corrigan stated that the PROC's draft procedural materials were presented at NASBA PROC Summit and were well received by the states. Ms. Corrigan further stated she is pleased with the accomplishments of the committee.

Ms. Corrigan stated for upcoming assignments, PROC members will be visiting AICPA to start documenting their procedures. Ms. Corrigan further stated that two PROC members are also scheduled to attend an upcoming CalCPA RAB meeting and will provide feedback to the CBA.

2. Acceptance of 2012 PROC Meeting Dates.

**It was moved by Mr. Elkins, seconded by Ms. Taylor and unanimously carried by those present to accept the 2012 PROC meeting dates.**

3. White Paper Regarding Changes to the AICPA Standards for Performing and Reporting on Peer Reviews.

Ms. Corrigan provided an overview of the memorandum for this item (**see Attachment \_\_\_**).

No comments were received.

4. Proposed Changes to the AICPA Standards for Performing and Reporting on Peer Reviews: Performing and Reporting on Reviews of Quality Control Materials.

Ms. Corrigan provided an overview of the memorandum for this item (see Attachment \_\_\_).

**It was moved by Mr. Driftmier, seconded by Ms. Berhow and unanimously carried by those present to approve the proposed letter in support of the current exposure draft.**

**It was moved by Ms. Taylor, seconded by Ms. Bell and unanimously carried by those present to assign the exposure draft to the PROC for a more in-depth analysis.**

5. Conflicts of Interest Involving Members of the PROC.

Ms. Corrigan provided an overview of DCA legal counsel's analysis regarding conflicts of interest involving member of the PROC. Ms. Corrigan stated that if any decisions involving a peer review that was conducted by the PROC member eventually come before the PROC, that PROC member would have to disqualify himself/herself from any of these issues/decisions before the PROC.

Ms. Corrigan stated the next PROC meeting is scheduled for October 27, 2011 in Northern California.

#### F. Enforcement Advisory Committee (EAC).

1. Report of the August 4, 2011 EAC Meeting.

Ms. Gerhardt stated that at its August meeting, 17 closed files were reviewed and the EAC concurred with staff conclusion on all 17. Ms. Gerhardt further stated the EAC held three investigative hearings, one was closed, and two were referred to the Attorney General's Office for discipline.

Ms. Gerhardt stated the next EAC meeting is scheduled for November 3, 2011 in San Diego.

2. Acceptance of 2012 EAC Meeting Dates.

**It was moved by Mr. Swartz, seconded by Ms. Taylor and unanimously carried by those present to accept the 2012 EAC meeting dates.**

#### G. Qualifications Committee (QC).

There was no report for this item.

IX. Acceptance of Minutes

- A. Draft Minutes of the July 21, 2011 CBA Meeting.
- B. Draft Minutes of the September 1, 2011 CBA Meeting.
- C. Minutes of the May 5, 2011 EAC Meeting.
- D. Minutes of the July 8, 2011 PROC Meeting.
- E. Minutes of the August 16, 2011 ECC Meeting.

**It was moved by Mr. Oldman, seconded by Mr. Ramirez and unanimously carried by those present to accept agenda items IX.A. and IX.C.-IX.E.**

Agenda item IX.B. was deferred to take place at a future CBA meeting.

X. Other Business.

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

There was no report for this item.

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

1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

Ms. Bowers stated that at its August meeting, the ALD Task Force discussed the recommendations from the CBA members regarding CPAVerify. Ms. Bowers stated that the launch of CPAVerify has been delayed in order to incorporate the CBA's suggestions. Ms. Bowers further stated the next ALD Task Force meeting is scheduled for October.

- b. Board Relevance & Effectiveness Committee.

There was no report for this item.

- c. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated that after two years, the UAA has concluded its charge and finalized the issue of firm naming.

2. Proposed Responses to NASBA Regional Director's Focus Questions.

**It was moved by Mr. Driftmier, seconded by Ms. Bell and unanimously carried by those present to approve the proposed responses to the Focus Questions.**

C. Proposed Response to Joint AICPA and NASBA Exposure Draft Regarding Continuing Professional Education Standards.

**It was moved by Mr. Driftmier, seconded by Ms. Taylor and unanimously carried by those present to approve the proposed letter regarding the Joint AICPA and NASBA Exposure Draft.**

XI. Closing Business.

A. Public Comments.\*

No comments were received.

B. Agenda Items for Future CBA Meetings.

Mr. Ramirez requested that the CPC consider making the eight-hour fraud CE requirement part of the 24-hour accounting and auditing requirement.

C. Press Release Focus.

Recent Press Releases.

Ms. Hersh stated the topics for consideration in post-meeting press release include the CBA's decision to move forward with a fingerprinting requirement, as well as the discussion and action regarding safe harbor.

Mr. Ramirez inquired if a press release was issued regarding the Kinde Durkee matter. Ms. Hersh stated that in addition to issuing a press release, she reached out to news organizations by phone to inform them of the action taken by the CBA and shared copies of the cease and desist order that was issued. Mr. Ramirez stated that the media coverage was great. Mr. Ramirez acknowledged Ms. Hersh for her efforts.

Adjournment.

Vice President Oldman adjourned the meeting at 3:15 p.m.

---

Sally Anderson, CPA, President

---

Leslie LaManna, CPA, 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.



**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>



CPC Item I.  
 November 17, 2011

CBA Item XI.C.  
 November 17-18, 2011

COMMITTEE ON PROFESSIONAL CONDUCT  
 MINUTES OF THE MEETING

**DRAFT**

May 19, 2011

Hyatt Regency San Francisco Airport  
 1333 Bayshore Highway  
 Burlingame, CA 94010  
 Telephone: (650) 347-1234  
 Fax: (650) 696-2669

CALL TO ORDER

Marshal Oldman, Chair, called the meeting of the Committee on Professional Conduct (CPC) to order at 9:31 a.m. Mr. Oldman requested that the role be called.

Present

Marshal Oldman, Chair  
 Sally Anderson  
 Herschel Elkins  
 Louise Kirkbride  
 Leslie LaManna  
 Michael Savoy  
 David Swartz

CBA Members Observing

Diana Bell  
 Alicia Berhow  
 Don Driftmier  
 Larry Kaplan

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer  
 Dan Rich, Assistant Executive Officer  
 Rich Andres, Information Technology  
 Don Chang, DCA Legal Affairs  
 Veronica Daniel, Executive Analyst  
 Paul Fisher, Supervising Investigative CPA  
 Dominic Franzella, Manager, Renewal and Continuing Competency (RCC) Unit  
 Rafael Ixta, Chief, Enforcement Division  
 Dianne Pearce, Chief, Licensing Division  
 Carl Sonne, Deputy Attorney General, Department of Justice  
 Matthew Stanley, Legislation/Regulation Analyst

## Other Participants

Pilar Onate-Quintana, E&Y PWC, D&T, GT, KPMG

Joe Petito

Jonathan Ross, E&Y PWC, D&T, GT, KPMG

Hal Schultz, CalCPA

Jeannie Tindel, CalCPA

### I. Overview of Position Letters Received by the CBA on AB 2473 – Mobility.

Mr. Rich presented an overview of various letters of support and opposition that were received on AB 2473. He emphasized Senator Perata's letter which provided several recommendations for the CBA to pursue prior to having the Legislature consider mobility.

The CPC then discussed whether or not staff should be directed to prepare a list of topics for research that would fulfill the Senator's recommendations.

**It was moved by Ms. Kirkbride to direct staff to provide an accounting of what answers could be provided to the issues in Senator Perata's letter. The motion failed for lack of a second.**

The CPC decided that further research would be repetitive. It also discussed that since the opposition seemed to be directed by CPIL, that stakeholders be allowed to work out an acceptable compromise thus eliminating most of the opposition to mobility.

**It was moved by Mr. Swartz, seconded by Mr. Savoy, and carried to request that the large firms, CPIL, and CalCPA work together to bring a proposal on mobility that can pass the Legislature. Ms. Kirkbride opposed.**

### II. Further Discussion on International Delivery of the Uniform CPA Examination.

Ms. Pearce presented additional information regarding the iExam including the fact that 38 states have signed on with NASBA's plan. She indicated that the CBA may prohibit the acceptance of scores obtained internationally through a regulatory change should the CBA wish to do so.

The CPC discussed what the benefits and possible pitfalls of participation in the program may be. It was unclear as to why some of the other large states had made the decision to participate.

**It was moved by Mr. Swartz, seconded by Ms. LaManna, and carried unanimously to direct staff to reach out to Texas and New York to**

**determine their comfort level and why they felt secure enough to participate in the international delivery of the exam.**

III. Discussion to Amend the Safe Harbor Language Contained in Title 16, CCR Section 4.

Mr. Ixta presented an issue that, under current law, it is possible for unlicensed individuals to prepare financial statements pursuant to Section 4 of the CBA regulations which are not subject to peer review. It was suggested that this could lead to confusion for consumers about the work they are seeing.

He suggested two options for amending the regulatory language of Section 4. The first would indicate that the person preparing the financial statements is not independent of the entity, and the second option would indicate that the individual is not a licensee of the CBA.

Ms. LaManna indicated that she was the one who broached the subject with staff.

**It was moved by Ms. LaManna, seconded by Ms. Anderson, and carried unanimously to direct staff to work with the stakeholders who were originally involved with the crafting of Section 4 to integrate language encompassing both options.**

IV. Comments from Members of the Public.

No comments were received.

V. Agenda Items for Next Meeting.

No agenda items were identified.

There being no further business, the meeting was adjourned at 10:21 a.m.



**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>



**CBA Item XI.D.**  
 November 17-18, 2011

**ENFORCEMENT ADVISORY COMMITTEE  
 MINUTES OF MEETING**

August 4, 2011

CALIFORNIA STATE BOARD OF ACCOUNTANCY  
 2000 Evergreen Street, Suite 250  
 Sacramento, CA 95825

**DRAFT**

**I. CALL TO ORDER**

Enforcement Advisory Committee Chair Cheryl Gerhardt called the regularly scheduled meeting of the Enforcement Advisory Committee (EAC) of the California Board of Accountancy (CBA) to order at 9:30 a.m. on August 4, 2011.

Ms. Gerhardt introduced the new EAC members, Mervyn McCulloch and K. Jeffrey De Lyser.

Enforcement Advisory Committee

Cheryl Gerhardt, Chair	9:30 a.m. – 5:00 p.m.
James Rider, Vice Chair	9:30 a.m. – 5:00 p.m.
Gary Caine, Committee Member	Absent
Mary Rose Caras, Committee Member	9:30 a.m. – 5:00 p.m.
K. Jeffrey De Lyser, Committee Member	9:30 a.m. – 5:00 p.m.
Robert A. Lee, Committee Member	Absent
Mervyn McCulloch, Committee Member	9:30 a.m. – 5:00 p.m.
James Petray, Committee Member	9:30 a.m. – 5:00 p.m.
Seid Sadatnejad, Committee Member	9:30 a.m. – 5:00 p.m.
Michael Schwarz, Committee Member	9:30 a.m. – 5:00 p.m.
Arthur Thielen, Committee Member	Absent

Staff and Legal Counsel

Mari Basco-Llorens, Enforcement Analyst  
 Paul Fisher, Supervising Investigative CPA  
 Rafael Ixta, Enforcement Chief  
 Kay Lewis, Investigative CPA  
 Allison Nightingale, Enforcement Secretary  
 Jesus Silva, Enforcement Analyst

II. FILE REVIEW/APPROVAL OF FILES CLOSED BY STAFF

**The EAC adjourned into closed session under provisions of Government Code Section 11126(c)(2) and Business and Professions Code Section 5020.**

The EAC reconvened into open session at 11:10 a.m.

III. REPORT OF COMMITTEE CHAIR

A. Minutes of the May 5, 2011 EAC Meeting.

**Following review, it was moved by Mr. Sadatnejad, seconded by Ms. Caras, and unanimously carried to approve the minutes of the May 5, 2011 EAC meeting.**

The minutes will be submitted to the CBA members for review at the next regular CBA meeting.

B. Report of the May 19-20, 2011 and July 21, 2011 CBA Meetings.

Mr. Rider attended the May 19-20, 2011 CBA meeting. Mr. Ixta also attended the meeting and reported that there was an educational presentation by Deputy Attorney General Carl Sonne and DCA Legal Counsel Don Chang on the CBA's role and responsibilities for petitions for reinstatement. Based on the information presented, Enforcement staff made some changes to the current process, most notably the requirement that recommendation letters be signed under penalty of perjury.

Ms. Gerhardt reported on the July 21, 2011 CBA meeting in Pasadena. On the agenda was a presentation on NASBA's CPAVerify. This system will serve as a link to other state boards for licensee information. At this time, 20 states are participating. The CBA also discussed the Governor's budget, hiring freeze exemption requests, and additional education requirements for licensure beginning January 1, 2014.

IV. REPORT OF ENFORCEMENT CHIEF

A. Enforcement Case Activity and Aging Report

Mr. Ixta reported that there are 294 investigations pending as of May 31, 2011. He commented that the number has trended down from 313 pending as of March 31 and 320 pending as of April 30. He noted that the assistance of the two recently hired consultants has helped to reduce the number of older more complex investigations.

Mr. Ixta reported that the Enforcement Case Activity and Aging Report will change to provide data for 12 months rather than three months for the next EAC meeting.

Mr. Ixta reported that there are a total of 38 cases pending discipline at the Attorney General's Office and that the one case showing to be over 24 months old has been completed.

B. Cite and Fine Report

Mr. Ixta stated that the Citation and Fine Activity Report has been revised. The report now lists only the statute numbers for the fines assessed during the reporting period.

Mr. Ixta reported that for the period July 1, 2010 through June 24, 2011, there have been 52 fines issued for a total of \$25,200.

C. Reportable Events

The Reportable Events Received report for the period July 1, 2010 through June 23, 2011 was provided in the agenda packets.

V. OTHER BUSINESS

A. Report on the May 19, 2011 Legislative Committee Meeting.

The 2001 Legislative Tracking Report as of June 30, 2011 was provided in the agenda packets. Mr. Ixta reviewed the report with the EAC members and provided the updated status for bills AB 229, AB 410, AB 431, AB 675, AB 958, SB 306, and SB 543.

B. Report on Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 9, 11.5, 12, 12.5, and 98 – Supervision, Masters Degree, and Disciplinary Guidelines.

The Regulation Status Report as of June 30, 2011 was provided in the agenda packets. Mr. Ixta reported that Section 98, the CBA's disciplinary guidelines, was considered at the regulation hearing on July 21, 2011. He commented that there was no opposition to the updated guidelines.

C. Future EAC Meetings and Agenda Items.

The proposed meeting dates for the year 2012 were provided in the agenda packets. Ms. Gerhardt stated that one additional meeting has been added to the schedule. This meeting has been added to accommodate the anticipated increase in the number of Investigative Hearings (IH) due to the CBA's policy that licensees be given the opportunity to request an IH prior to the filing of an accusation. Ms. Gerhardt noted that a meeting would be cancelled if there were no IHs scheduled.

Ms. Gerhardt inquired if the members had any conflicts with the proposed meeting dates.

Following discussion, it was moved by Mr. Schwarz, seconded by Mr. Rider, and unanimously carried to approve the following EAC meeting schedule for 2012.

<u>DATE</u>	<u>LOCATION</u>
February 2, 2012	Bay Area
May 3, 2012	Los Angeles Area
July 12, 2012	Sacramento Area
October 18, 2012	Los Angeles Area
December 13, 2012	San Diego Area

VI. PUBLIC COMMENTS

There were no public comments offered during the meeting.

VII. CONSIDER DISCIPLINARY ACTION AGAINST INDIVIDUAL ACCOUNTANTS

**[Closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3) and Business and Professions Code Section 5020 conducted after the general meeting to interview individual accountants and to consider possible disciplinary action against accountants prior to the filing of an accusation.]**

VIII. ADJOURNMENT

Having no further business to conduct, the EAC general meeting adjourned at approximately 11:55 a.m. to reconvene in closed session at 1:00 p.m.

---

Cheryl Gerhardt  
Chair, Enforcement Advisory Committee

Prepared by: Michele Santaga, Enforcement Analyst



**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>



**CBA Item XI. E.**

November 17-18, 2011

Department of Consumer Affairs  
California Board of Accountancy

Minutes of Meeting  
April 27, 2011  
CPA Qualifications Committee

California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815

The regularly scheduled meeting of the Certified Public Accountant Qualifications Committee (QC) of the California Board of Accountancy (CBA) was called to order at approximately 10:00 a.m. on April 27, 2011, by QC Chair, Fausto Hinojosa.

Mr. Hinojosa informed the committee and staff that Mr. Gary O'Krent has resigned from the QC, leaving a vacancy on the committee.

#### QC Members Present

Fausto Hinojosa, Chair  
Maurice Eckley, Jr., Vice-Chair  
Carlos Aguila  
Brian Cates  
Michael Haas  
Charles Hester  
Alan Lee  
Casandra Moore Hudnall  
Robert Ruehl  
Jeremy Smith  
James Woyce

#### Staff Present

Patti Bowers, Executive Officer  
Dominic Franzella, Licensing Manager  
Stephanie Hoffman, Licensing Coordinator  
Kris McCutchen, Licensing Manager  
Deanne Pearce, Licensing Division Chief  
Vicky Thornton, Licensing Coordinator

## QC Members Absent

Gary Bong  
Bobbie Hales  
Kristina Mapes  
Ash Shenouda

### I. CHAIRPERSON'S REPORT

- A. Approval of the January 26, 2011 QC Meeting Minutes.

**It was moved by Mr. Hester, seconded by Mr. Smith and unanimously carried to adopt the minutes of the January 26, 2011 QC Meeting.**

- B. Report of the January 27-28, 2011 and March 24-25, 2011 CBA Meetings.

Mr. Hinojosa provided a recap of the January 27-28, 2011 and March 24-25, 2011 CBA Meetings. Items of interest were reported on, including:

At the January 27-28, 2011 CBA meeting an overview was given of an educational presentation on Accountancy Without Borders, which included the topics of: comprehensive mobility timeline; temporary and incidental practice; CBA's Practice Privilege program; cross border practice legislation; mobility for California CPA's; NASBA's concept of mobility and other states' practice; Accountancy Licensee Database (ALD); and the California Research Bureau's accountancy project. CBA members and stakeholders discussed various issues regarding the topics presented.

Peer Review Implementation was discussed by the members and Rafael Ixta, Enforcement Chief stated that this is a new process and a rush in reporting is anticipated by July 1, 2011. Mr. Ixta provided an overview of the peer review process.

Ms. Bowers stated that the hiring freeze is still in effect and limits the CBA from filing any vacant positions. She indicated that the CBA has submitted a request for additional staffing for the proactive enforcement areas of continuing education compliance, probation monitoring and unlicensed activity.

Ms. Sally Anderson, President of the CBA stated the sunset review hearing took place on March 21, 2011, and that the hearing went well. Ms. Bowers stated that follow up will be provided to Senator Price regarding information on other states' requirements for restatements.

Ms. Lenora Taylor, CBA member inquired regarding the intentions of the proposal to eliminate the requirement for the General Fund to repay loans. Ms. Taylor asked if there is anything that can be done legally to stop this

process. Ms. Shellans, Legal Counsel, stated that there is case law that the General Fund can borrow as long as there is an agreement for repayment. Mr. Manuel Ramirez, CBA member inquired regarding the steps to make the CBA an independent entity. Ms. Anderson requested background information on other state boards that are currently operating independently. Mr. Marshal Oldman, CBA Vice President stated that NASBA's Board Relevance & Effectiveness Committee is actively promoting state board independency.

The CBA adopted a motion that the CBA not take a position on iExam until the program and security can be assessed. Ms. Bowers stated that staff will explore statutory and regulatory provisions and provide an explanation at the May 2011 meeting as to where the CBA stands on accepting foreign exam grades.

## **II. INITIAL LICENSING UNIT REPORT**

Ms. McCutchen provided a report on the Initial Licensing Unit, which included the Licensing Division Activity Report and a report of current staffing. Items of interest were:

Processing Timeframes.

- The Initial Licensing Unit continues to process initial licensing applications under 30-days.
- Staff has been working on a new initial licensing process that will make the process more efficient.
- Ms. Pearce informed the committee about the reduction in license fees effective July 1, 2011.

## **III. Overview of Training Plan for CBA Regulation Section 69 and Personal Appearances.**

The committee discussed the suggested topics identified in the agenda item memo and agreed that they are appropriate for peer training. In addition to those topics the committee added the following:

- Discuss the selection process staff uses to determine if a firm/applicant needs to appear for a Section 69 review/personal appearance
- Determine or outline the goal and focus of the review and clarification of who is being reviewed (firm vs. applicant)
- Develop instructions for the firms to ensure understanding of their responsibility in completing the Certificate of Attest Experience
- Develop key talking points or instructions to set the parameters at the beginning of the interview
- Identify the differences and objectives when reviewing government auditing
- Provide parameters to committee members as to what is appropriate when denying licensure. For example, comments or suggestions made

by committee members to applicants and or firms may be viewed as a CBA policy or that the member is speaking on the CBA's behalf

- Provide direction and parameters when crediting applicant with partial hours toward the required minimum 500 hours.

#### **IV. Discussion Related to Amending CBA Regulation Section 37- Reissuance, 12(d) and 12.5(f) – Experienced Obtained Five or More Years Prior to Application.**

The QC discussed the current continuing education (CE) subject areas and the specific number of hours required for applicants with experience obtained more than five years prior to application and for the reissuance of a cancelled CPA license. The committee compared these requirements to the process for a licensee to convert their license from inactive to active status. While reviewing the CE requirements for licensees converting their license from inactive to active status, members discovered that the requirements were more rigorous than those for individuals who may have been out of practice for five or more years.

For applicants applying for reissuance of a cancelled CPA license with the authorization to sign reports on attest engagements: **It was moved by Mr. Ruehl, seconded by Ms. Moore Hudnall and carried to propose an amendment to CBA Regulation Section 37 as follows: Within the 24-month period preceding the date of application, a total of 80 hours of CE consisting of 16 hours of financial accounting standards, 16 hours of auditing standards, 8 hours of compilation and review, 8 hours of Other Comprehensive Basis of Accounting, 8 hours of fraud and 24 hours in non-technical subject matter must be completed. Twenty (20) hours of the 80 hours of CE must be taken in the 12-month period immediately preceding the date of application of which 12 hours must be completed in technical subject matter. Mr. Hester opposed.**

For applicants applying for reissuance of a cancelled CPA license without the authorization to sign reports on attest engagements: **It was moved by Mr. Ruehl, seconded by Mr. Lee, and unanimously carried to propose an amendment to CBA Regulation Section 37 as follows: A total of 80 hours of CE consisting of a minimum of 40 hours in technical subject matter and a maximum of 40 hours in non-technical subject matter must be completed. If the CE is completed prior to the date of application, it must be completed within the 24-month period immediately preceding the date of application of which 20 hours must be completed in the 12 months immediately preceding the date of application, 12 hours in technical subject matter.**

For applicants with experience obtained more than five years prior to application applying for a license with the authorization to sign reports on attest engagements: **It was moved by Ms. Moore Hudnall, seconded by Mr. Aguila and carried to propose an amendment to CBA Regulation Sections 12 and 12.5 as follows: Within the 24-month period immediately preceding the date of application, a total of 80 hours of CE consisting of 16 hours of**

financial accounting standards, 16 hours of auditing standards, 8 hours of compilation and review, 8 hours of Other Comprehensive Basis of Accounting, 8 hours of fraud and 24 hours in non-technical subject matter must be completed. Twenty (20) of the 80 hours of CE must be completed in the 12-month period immediately preceding the date of application of which 12 hours must be completed in technical subject matter. Mr. Hester opposed.

For applicants with experience obtained more than five years prior to application applying for a license without the authorization to sign reports on attest engagements: **It was moved by Mr. Lee, seconded by Mr. Woyce and carried to propose an amendment to CBA Regulation Sections 12 and 12.5 as follows: A total of 80 hours of CE consisting of 40 hours in technical subject matter and 40 hours in non-technical subject matter must be completed. If the CE is completed prior to the date of application, it must be completed within the 24-month period immediately preceding the date of application of which 20 hours must be completed in the 12 months immediately preceding the date of application, 12 hours in technical subject matter. Mr. Hester opposed.**

**Mr. Fausto Hinojosa will be presenting the proposed amendments to the CBA at its May 2011 CBA meeting.**

#### **V. PUBLIC COMMENT**

None.

#### **VI. AGENDA ITEMS FOR FUTURE CPA QUALIFICATIONS COMMITTEE MEETINGS**

- Approval of April 27, 2011 QC minutes.
- Section 69 and personal appearance peer training.
- Visual chart showing changes to Regulation Sections 37, 12 and 12.5.

#### **VII. INTERVIEWS OF INDIVIDUAL APPLICANTS [Closed session in Accordance with Government Code Section 11126(c)(2)].**

C11-012 – Applicant and his employer appeared for a Section 69 review. Applicant has 20 months of experience. He has an additional 4 months of experience with another employer with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-013 – Applicant appeared and presented limited working papers for her public accounting experience. She has additional experience with two other employers, however, the working papers were no longer available because they

had been destroyed in accordance with the firms' records retention policy. She is currently licensed with general experience.

The working papers reviewed consisted of a review. While the work was complete and no deficiencies were noted, only 153 hours of qualifying experience was granted.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign reports on attest engagements, the applicant must obtain a minimum of 350 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, she is not permitted to sign reports on attest engagements of any kind.

C11-014 – Applicant appeared and presented working papers for her non-public accounting experience. She has 87 months of experience with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-015 – Applicant's employer appeared for a Section 69 Review. Applicant has 44.75 months of experience with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. While the work was complete and no deficiencies were noted, no hours of qualifying experience were granted.

Specifically, the working papers presented were for a review only and did not show adequate evidence of applicant's participation or supervisory review sign-offs.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign reports on attest engagements, the applicant must obtain at a minimum, 500 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

## ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned at 2:45 P.M. on April 27, 2011. The next meeting of the CPA Qualifications Committee will be held on August 3, 2011.

---

Fausto Hinojosa, Chair

Prepared by Stephanie Hoffman and Vicky Thornton, Licensing Coordinators



**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)  
PEER REVIEW OVERSIGHT COMMITTEE (PROC)**

**CBA Item XI.F.**  
November 17-18, 2011

**MINUTES OF THE  
August 30, 2011  
PROC MEETING**

Crowne Plaza LAX  
5985 West Century Boulevard  
Los Angeles, CA 90045-5463  
Telephone: (310) 642-7500

PROC Members:

Nancy Corrigan, Chair  
Katherine Allanson  
Gary Bong  
T. Ki Lam - Absent  
Sherry McCoy  
Robert Lee  
Seid M. Sadat

Staff and Legal Counsel:

Rafael Ixta, Chief, Enforcement Division  
Kathy Tejada, Manager, Enforcement Division  
April Freeman, Peer Review Analyst

Other Participants:

Linda McCrone, California Society of Certified Public Accountants (CalCPA)

I. Roll Call and Call to Order.

Nancy Corrigan, Chair, called the meeting of the Peer Review Oversight Committee (PROC) to order at 10:05 a.m.

II. Report of the Committee Chair.

A. Approval of July 8, 2011 Minutes.

Ms. Corrigan asked members if they had any changes or corrections to the minutes of July 8, 2011, PROC meeting. Ms. Corrigan requested that the second paragraph of Item II.B. be revised to clarify that PROC members requested that, by the August 30<sup>th</sup> PROC meeting, they be provided with a date when an opinion regarding conflict of interest would be issued.

Rafael Ixta reported that the opinion has been forwarded to CBA Executive Officer Patti Bowers. In summary, PROC members are not prohibited from performing peer reviews as long as certain disclosures are made.

**It was motioned by Robert Lee, seconded by Seid Sadat, and unanimously carried by those present to adopt the minutes of the July 8, 2011 PROC meeting as revised.**

B. Report on the July 21, 2011 CBA Meeting

Ms. Corrigan summarized her report to the California Board of Accountancy (CBA) at its July 21, 2011 meeting. Her report included information on the PROC procedures manual, the annual report which is slated for the March 2012 CBA meeting, and the conflict of interest issue. She also advised the CBA that, although NASBA awarded a scholarship covering all reasonable travel expenses, the Department of Consumer Affairs did not approve the trip to South Carolina to attend the August 16, 2011 NASBA PROC Summit.

C. Report on the August 16, 2011 NASBA PROC Summit

Linda McCrone attended the NASBA PROC Summit on August 16, 2011 in Charleston, South Carolina. She gave a brief overview of the discussion among the states concerning peer review oversight. She expects to receive additional materials from NASBA which she will forward to the PROC. Ms. Corrigan suggested reviewing all of the materials from the Summit to determine if they could be used to enhance our own materials.

Ms. McCrone stated that many states are still new to the oversight process. She added that the Summit attendees were impressed with the checklists developed by the PROC.

Robert Lee suggested obtaining a copy of the Minnesota's Procedure Manual. Ms. Corrigan added that she would request a copy of Texas' Procedure Manual.

Mr. Ixta thanked Ms. McCrone for her feedback on the Summit and felt the PROC could gain valuable insight from her participation in future Summits. He further suggested that future Summits have a teleconference component or be webcast so that the PROC could participate. Staff will provide these suggestions directly to NASBA.

III. Report on PROC Activities

A. Report on the August 10, 2011 American Institute of Certified Public Accountants' (AICPA) Peer Review Board Meeting.

Ms. Corrigan requested feedback from PROC members that attended the AICPA Peer Review Board Meeting. Gary Bong stated that the meeting was interesting and valuable. He also stated the meeting was very structured and the members had their act together. Seid Sadat was very impressed with the technical discussions, although he feels that more time spent with the materials would enhance future meetings.

Ms. Corrigan reminded members that they can download the meeting materials from the AICPA Web site.

B. Report on CalCPA Report Acceptance Body (RAB) Meetings.

- i. June 26, 2011 RAB. Sherry McCoy and Katherine Allanson attended the meeting at the CalCPA Glendale office. They reported that approximately 60 reports were reviewed. Because they attended at a CalCPA office, they had access to materials such as checklists, summary review memos, Matters for Further Consideration, and all documents from the peer reviewer.
- ii. August 25, 2011 RAB. Ms. McCoy attended the meeting at the CalCPA Glendale office. She was pleased that the meeting materials were provided electronically.

Ms. Allanson, Ms. McCoy and Mr. Lee attended CalCPA's "How To Conduct A Review Under the AICPA" peer reviewer training in Los Angeles on July 18-19, 2011. Ms. Allanson commented that the presenter had a very practical approach; however, she used a lot of advanced terms. Ms. Allanson suggested that the course be designed more for beginner peer reviewers. She did add that the instructor was more than willing to explain terms when asked. Ms. Allanson was impressed with the amount of time spent going through cases and explaining why certain decisions were made.

Mr. Lee agreed that there appeared to be an assumption of knowledge on the part of the presenter, but thought it might have been brought about because many of the attendees were experienced peer reviewers.

Ms. McCoy commented that the course was very well coordinated.

Ms. McCrone stated she would pass these comments on to the course presenter.

Mr. Lee suggested the possibility of CalCPA offering a mentoring program. Ms. McCrone responded that they have attempted to offer mentoring; however, it is a very complicated program to develop. Ms. Allanson thought, at a minimum, CalCPA could flag new peer reviewers to make sure they are performing adequately. Ms. McCrone explained that length of experience is something CalCPA takes into consideration when selecting which peer reviewers to oversight.

Ms. Corrigan requested that a discussion of which documents/checklists need to be submitted to CBA staff following oversight activities by PROC members be added to the next PROC agenda.

IV. Reports and Status of Peer Review Initial Implementation.

A. Update on Proposed Legislative Language to Extend the Sunset Date on Mandatory Peer Review.

Ms. Tejada advised members that Senate Bill 543 has passed all committees and is pending a vote in the full Assembly.

B. Statistics of Licensees who have Reported their Peer Review Information to the CBA.

Ms. Tejada reported that as of August 16, 2011, 25,956 licensees have reported peer review information. The breakdown is as follows: 2,174 firms required to undergo peer review, 5,032 firms not required to undergo peer review, and 18,750 licensees not operating as a firm.

C. Status of Correspondence to Licensees Regarding Peer Review Reporting and Updates to License Renewal Application.

Ms. Freeman stated that on July 22, 2011, just over 20,000 notification letters were sent to licensees who are required to submit the reporting form by July 1, 2012.

Staff is currently preparing deficiency letters to be mailed to approximately 3,800 licensees who were required to, but did not, report by the July 1, 2011 deadline. These letters are expected to be mailed in early September.

V. Discussion Regarding PROC Procedures Manual.

Mr. Ixta explained that staff incorporated work done by PROC members into the format of other CBA committee manuals to prepare the draft PROC Procedures Manual. He requested feedback from members.

Mr. Lee suggested that under Section IV.A.4 – Sample Reviews, the first sentence be revised to read, “The PROC shall conduct reviews of peer reviews accepted by a Provider on a sample basis.” He also suggested that the title of the section be revised.

Mr. Lee further suggested language that would clarify Section IV.A.6. – Statistics, to include adding statistics for delinquent peer reviews and licensees who have been expelled from the peer review program. Ms. McCrone responded that she would determine if those statistics are available. Ms. Corrigan requested that the PROC discuss the availability of statistics at the next PROC meeting.

Ms. Corrigan suggested expanding the Membership section to include the qualification requirements to be appointed to the PROC. She also suggested reviewing procedure manuals from other states’ PROCs. Regarding the membership qualifications, Mr. Sadat suggested mirroring the information in the presentation provided by the Oklahoma State Board of Accountancy at the NASBA Summit. Mr. Ixta added that membership qualifications could be pulled from the regulations or the February 2008 CBA memorandum.

Mr. Ixta suggested that the PROC discuss developing additional oversight checklists for attending peer reviewer training courses and for conducting sample reviews.

Mr. Ixta questioned if the last sentence of the first paragraph in Section IV.A.3. – Peer Review Subcommittee Meeting, is correct and appropriate. Members believed that it would be appropriate for the PROC to monitor the appropriateness and consistency of remedial or corrective actions prescribed by the CalCPA.

VI. Status of PROC Roles and Responsibilities.

A. PROC Roles & Responsibilities.

Mr. Ixta gave an overview of the PROC activity tracking sheet and stated that the PROC is on track. He went over the tasks that are still outstanding, which include performing an administrative site visit, preparing the annual report to the CBA, developing policies for new peer review providers, and performing random samplings of peer review reports.

B. Administrative Site Visit Checklist.

Mr. Ixta explained that the Administrative Site Visit Checklist is based on the minimum requirements for peer review program providers as outlined in Section 48 of the CBA Regulations.

Ms. Allanson inquired if AICPA has a checklist for administrative site visits. Ms. McCrone responded that there is a checklist in the Oversight Handbook. Mr. Ixta clarified that the checklist is designed to be used for all current and future program providers, and therefore, should only cover minimum requirements.

Ms. Corrigan suggested a space be added to indicate the name of the provider being visited. Staff will also ensure consistency with other oversight checklists.

VII. Discussion Regarding PROC Assignments.

Ms. Corrigan stated that she will be selecting one PROC member to join her on a visit to the CalCPA offices to discuss procedures and random sampling of peer reviews. The meeting is expected to take place the week of October 3<sup>rd</sup> or October 10<sup>th</sup>.

Ms. Corrigan confirmed/assigned the following events:

- September 20, 2011 RAB Meeting – Seid Sadat and Katherine Allanson at the CalCPA Glendale office.
- October 6, 2011 AICPA PRB – Katherine Allanson and Robert Lee
- October 20-21, 2011 CalCPA PRB – Nancy Corrigan and Seid Sadat
- December 13, 2011 CalCPA RAB – Gary Bong at the San Mateo office.

VIII. Future Agenda Items.

Agenda items for future PROC meetings:

- Review of NASBA PROC Summit Materials
- Discussion of Document to be Submitted and Retained after Oversight Activities
- Discussion of Statistics Available from Peer Review Program Providers

IX. Public Comment for Items Not on the Agenda.

No public comment.

X. Adjournment.

There being no further business, the meeting was adjourned at 1:00 p.m.

---

Nancy Corrigan, Chair

April Freeman, Peer Review Analyst, prepared the PROC meeting minutes. If you have any questions, please call (916) 561-1720.



**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>



**CBA Item XII.B.2.**  
November 17-18, 2011

## **Recommendation to Support Carlos Johnson for NASBA Vice Chair Nominee 2012**

**Presented by:** Sally Anderson, CBA President

**Date:** October 31, 2011

---

### **Purpose of the Item**

The purpose of this item is to seek CBA member support for Carlos Johnson's candidacy as NASBA Vice Chair Nominee 2012. A copy of Mr. Johnson's request for support and bio are attached for review.

### **Action(s) Needed**

The CBA may choose to either approve or deny Mr. Johnson's request.

### **Background**

Each year, the NASBA Nominating Committee requests recommendations from all state boards for its Vice Chair position. Although the call for recommendations has not yet been released for 2012, this item is before the CBA at this time to ensure timely action and submission of such recommendation(s) to NASBA.

### **Comments**

If you have any specific questions about the nomination process, you may contact Anita Holt at NASBA at (615) 880-4202 or via email at [aholt@nasba.org](mailto:aholt@nasba.org).

### **Recommendation**

I hereby recommend that the CBA support Mr. Johnson's candidacy as NASBA Vice Chair Nominee 2012, and direct staff to prepare a letter indicating such for review and approval by the incoming CBA President prior to being forwarded to NASBA.

### **Attachment**

Carlos Johnson's request for support and bio



**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>



**CBA Item XII.B.3.**  
November 18, 2011

## **Proposed Responses to NASBA Regional Directors' Focus Questions**

**Presented by:** Dan Rich, Assistant Executive Officer

**Date:** November 8, 2011

---

### **Purpose of the Item**

These are proposed responses for the California Board of Accountancy (CBA) to provide comments to NASBA regarding practice and regulatory issues impacting the accountancy profession. **(Attachment)**.

### **Action(s) Needed**

The CBA will be requested to either approve, or direct staff to make changes to, the proposed responses.

### **Background**

Attached for your information are draft responses to NASBA Regional Directors' Focus Questions, which were issued on November 2, 2011. These responses have been prepared for Raymond Johnson, Pacific Regional Director and are due to Mr. Johnson by January 5, 2012.

### **Comments**

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. To provide information to members regarding Question #1, please see the attached articles from NASBA, "Research Grants Call for Proposal" and "Accounting Education Research Grant Recipients."

### **Recommendation**

These draft responses to the Focus Questions were prepared by CBA staff from the Enforcement, Licensing, and Administration Divisions.

### **Attachments**

NASBA Quarterly Focus Questions

NASBA article, "Research Grants Call for Proposal"

NASBA article, "Accounting Education Research Grant Recipients"

Attachment 1

**NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY, INC.**

**November 2, 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 2011-12 Committee on Relations with Member Boards, I would like to thank you for your participation at NASBA's Annual Meeting and for your assistance with our past Focus Questions. Your continued support helps keep NASBA an organization that responds to its member boards.

I hope your Board is making plans to have its representatives attend the State Board Legal Counsel Conference, March 11-13, and the Annual Conference for Executive Directors and State Board Staff, March 11-14, both in San Antonio, TX. In the meantime, please do not hesitate to call your Regional Director to discuss the following questions or any other issues you feel NASBA should consider. We look forward to hearing from you.

Sincerely,

*Ted Lodden*

**Central Director** – **Teleford 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 Forrest 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** – **Raymond Johnson** Phone: (503) 913-5182 johnsonr@pdx.edu  
*Alaska, Arizona, California, CNMI, Guam, Hawaii, Oregon, Washington*

**Southeast Director** – **Jimmy E. Burkes** Fax: (601)960-9154 Phone: (601) 326-7118  
jburkes@hrbccpa.com

*Alabama, Florida, Georgia, Kentucky, Mississippi, Puerto Rico, Tennessee, Virgin Islands*

**Southwest Director** – **Janice L. Gray** Fax: (405) 364-3771 Phone: (405) 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 January 5, 2012.** Use additional sheets for your responses if needed.*

**JURISDICTION:** California **DATE** November 9, 2011

**NAME OF PERSON SUBMITTING FORM:** Kari O'Connor

**1. NASBA is continuing its grant program for accounting research. Are there any research topics/areas of study that your Board would find particularly helpful?**

At this time, the CBA does not have a recommendation for research topics/areas of study for NASBA's grant program for accounting research.

**2. How does your Board find CPAs who are having operational compliance problems?**

The CBA has two broad methods for identifying CPA's with operational compliance problems. First, California licensee are required to 'self-report' 14 categories of 'reportable events' as defined in Business and Professions Code Section 5063. These reportable events include convictions, discipline by another state board of accountancy, civil litigation, filing of restatements, and SEC and PCAOB investigations and sanctions. Additionally, effective January 1, 2010, California enacted mandatory peer review. Licensees performing accounting and auditing services are required to undergo a peer review once every three years and all failed peer reviews are provided to the CBA.

**3. Does your Board regularly provide a written report to the state legislature and, if so, what information is contained in that report?**

The CBA provides a sunset review report to the state legislature every four years. This report justifies the need for the CBA to continue to operate. Also, the CBA provides a written report regarding expert consultants to the state legislature on or before June 1<sup>st</sup> of every year. This report includes the cost, services, terms and duration provided under each contract, the identity of the firms or individuals awarded any contract, and data demonstrating the cost effectiveness of the CBA's sole-source contracting in the investigation and prosecution of the CBA's enforcement program.

**4. As there is regular rotation of State Accountancy Board members, how does your Board ensure consistency in the discipline it metes out to licensees over the years?**

The CBA has approved "A Manual of Disciplinary Guidelines and Model Disciplinary Orders, 6<sup>th</sup> Edition 2005." These guidelines assist CBA Enforcement staff, Deputy Attorney General staff, and Administrative Law Judges in imposing consistent discipline across the years. The manual is available at: <http://www.dca.ca.gov/cba/publications/dispman.pdf>

**5. How does your Board find investigators with the expertise needed to handle reviews of SEC disciplinary actions?**

The CBA has four Investigative SPAs and six Investigative Analysts. These are permanent full-time employees of the CBA and are trained to review SEC disciplinary actions. Expert consultants are retained only on limited circumstances. Expert consultants are identified referrals from CBA members, other expert consultants, or by placing an outreach article in the CBA's *UPDATE* publication.

**6. Are there any concerns that you would like NASBA to address?**

Not at this time.

**7. 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):**

10/31/11

# Research Grants Call for Proposals | NASBA

<http://www.nasba.org/blog/2011/01/04/research-grants-call-for-proposals/>

November 14, 2011

The National Association of State Boards of Accountancy (NASBA) announces its Accounting Education Research Grants Program. This program seeks to advance research on educational issues impacting certified public accountants (CPA), the public accounting profession and state boards' charge to protect the public.

## BACKGROUND

The National Association of State Boards of Accountancy (NASBA) serves as a forum for the 55 boards of accountancy. NASBA's mission is to enhance the effectiveness of state boards of accountancy in their charge to protect the public.

NASBA's goals are to:

- Provide high quality, effective programs and services,
- Identify, research and analyze major current and emerging issues affecting state boards of accountancy,
- Strengthen and maintain communications with state boards to facilitate the exchange of ideas and opinions, and
- Develop and foster relationships with organizations that impact the regulation of public accounting.

## DESCRIPTION

Research grants are available for faculty and postdoctoral researchers at institutions of higher education. The grants are competitive. Research in areas helping NASBA and the state boards of accountancy protect the public and be better resources to the public accounting profession are encouraged. NASBA will work with the American Institute of Certified Public Accountants (AICPA), the American Accounting Association (AAA), and other organizations to present and publish results of the funded research.

Research interests of NASBA include, but are not limited to:

- Characteristics of successful CPA candidates,
- Ideal or model curricula for successful CPA candidates,
- Effective sections or rules of code of professional conduct to protect the public,
- Characteristics of the best work experience requirements, and
- Barriers (i.e., education, examination, or experience) for minorities and other groups seeking a CPA license.

## ELIGIBILITY

Applicants must be affiliated with a U.S. academic institution. Applicants must have received their doctoral degree by the start date of the grant. Applicants may not be related to employees, officers, or board members or Education Committee member of NASBA or its affiliates.

## AWARDS

NASBA will fund and award grants totaling up to \$25,000 for one-year research projects. A maximum of 3 research grants will be awarded per year. Funding will be provided only for expenses

directly related to the project. Grant funds will not provide for institutional indirect costs or overhead. Although NASBA does not want to determine the specific use of these awarded funds, the proposed budget outlined in the proposal will be evaluated for efficient and effective use of the awarded funds.

Although somewhat flexible, the awards will be distributed based on quarterly progress reports submitted by the researcher(s). Additionally, the researcher(s) will be expected to finalize the research within one year of the grant award date and may be asked to present their findings to NASBA's Board of Directors or at its national meeting.

## APPLICATION GUIDELINES

All research grant applications must comply with the guidelines as follows. Proposals should not exceed 5 pages, excluding the cover page and the appendices described below, and should contain the following basic elements:

1. A cover page with the following information:

- Name and affiliation of each member of the research team and his/her role in the research. Researchers' names and their academic affiliations should not appear anywhere else in the proposal.
- Single-paragraph abstract summarizing the research question, the research method to be used, and how the research will benefit the public accounting profession and its regulation.

2. The proposal which includes the following information:

- Problem statement/question and its relevance to accounting education or the accounting profession,
- Statement identifying how this research advances previous work or establishes new benchmarks,
- Statement of the research hypothesis being tested, if applicable,
- Statement of the research methodology being used,
  - Detailed information about any data that the researcher would require from NASBA or the state boards,
- Statement of the expected results and the benefits to accounting education, the public accounting profession, or regulation of public accounting,
- Statement of the expected or targeted publication output(s) from the project,
- Timetable for completion of the project,
- Detailed statement of required funding,
- List of other funding sources, if applicable,
- Appendixes described below

\* Proposed interview questions and guidelines, survey information, or experimental instruments, if applicable,

\* Curriculum vitae (CV) for each researcher (3 page maximum)

\* Researcher's affiliation with NASBA, if applicable

## PROPOSAL SUBMISSION

Proposals must be submitted electronically. Applicants should read the entire Call for Proposals prior to submitting their proposal. The deadline for submission is 11:59 p.m. Central Time, on April 4, 2011. Applicants are encouraged to submit proposals in advance of the deadline. Grants will

awarded by May 16, 2011.

Submissions must be made to [grantproposal@nasba.org](mailto:grantproposal@nasba.org). Questions regarding the submission process should also be sent to this same address.

# Accounting Education Research Grant Recipients Announced

*Nashville, Tenn., May 25, 2011* – The National Association of State Boards of Accountancy (NASBA) is pleased to announce the recipients of its Accounting Education Research Grants Program. Three grants, totaling \$20,160, will be awarded to faculty and postdoctoral researchers as they advance research on educational issues impacting Certified Public Accountants (CPA), the public accounting profession and state boards' charge to protect the public.

"NASBA was pleased with the overall response as a total of nine highly competitive grant proposals, totaling more than \$105,000, were received in this, the program's first year," shared Alfonzo Alexander, NASBA Chief Relationship Officer.

Members of NASBA's Education Committee, chaired by Karen Turner, CPA, Ph.D, managed the process and selected the recipients. Based on this year's experience, NASBA plans to award accounting education research grants annually.

Accounting Education Research Grants will be awarded to:

**THE SUCCESSFUL CPA IN A RAPIDLY CHANGING GLOBAL ECONOMY: TECHNOLOGY SKILLS AND MANAGING IN A VIRTUAL SETTING** - \$8,160

Submitted By: Kathy T. Best (Mount Olive College) and Roselie E. McDevitt (Mount Olive College)

**DETERMINANT FACTORS FOR THE DEARTH OF MINORITY CPAS** - \$8,000

Submitted By: Helen Gabre, Ph.D., CPA (Alabama A&M University), Dale L. Flesher, Ph.D., CPA (University of Mississippi) and Frank Ross, MBA, CPA (Howard University)

**ARE CPAS COMPLYING WITH THE SPIRIT OF THE 150 HOUR REQUIREMENT?** – \$4,000

Submitted By: Kate Mooney, PhD, CPA (St. Cloud State University) and Kerry Marrer, MBA, CPA (St. Cloud State University)

[Accounting Education Research Grant Recipients](#)

About NASBA

Celebrating 103 years of service, the National Association of State Boards of Accountancy (NASBA) serves as a forum for the nation's state boards of accountancy, which administer the Uniform CPA Examination, license over 650,000 certified public accountants and regulate the practice of public accountancy in the United States.

NASBA is headquartered in Nashville, TN, with satellite offices in New York, NY, and Guam.



**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>



**CBA Item XIII.A-C.**  
**November 17-18, 2011**

## **OFFICER ELECTIONS**

**Presented by:** Sally Anderson, President

**Date:** October 21, 2011

---

### **Purpose of the Item**

The following have submitted summaries of qualification for consideration for Officer Elections at the CBA November 2011 meeting:

- Marshal A. Oldman, Esq. – President
- Leslie J. LaManna, CPA – Vice President
- Michael M. Savoy, CPA – Secretary/Treasurer

### **Action Needed**

It is requested that CBA members consider all applicants summaries, including any additional candidates presented at the CBA meeting.

### **Background**

The summaries of qualifications are distributed at the November CBA meeting. The President shall ask if there are any additional candidates for the officer positions. All candidates may be given up to five minutes of floor time to describe why they are qualified for the position. The vote for officers shall be taken by a simple hand vote. The President, Vice-President, and Secretary-Treasurer serve one-year terms and may not serve more than two consecutive one-year terms. The newly elected President, Vice-President, and Secretary-Treasurer shall assume the duties of their respective offices at the conclusion of the annual meeting at which they were elected.

### **Comments**

None

### **Recommendation**

None

### **Attachments**

1. Summary of qualification for Marshal A. Oldman, Esq.
2. Summary of qualification for Leslie J. LaManna, CPA
3. Summary of qualification for Michael M. Savoy, CPA

From: Marshal A. Oldman  
Sent: Wednesday, September 28, 2011 4:26 PM  
To: Veronica Daniel  
Subject: Nomination for President of CBA

Veronica

Please accept this email as my nomination of myself as president of the Board of Accountancy starting after the November meeting.

I have served on the board since March of 2007 and have acted as both Secretary Treasurer and Vice President. I have also acted as president or chair of numerous organizations related to California and local bar associations, including but not limited to the Trust and Estates Section of the State Bar.

I believe that I am in a position to carry on the quality leadership that the board has experienced since the time of my appointment and will enjoy meeting the challenges that will emerge over the coming year.

Please forward this email to the other members of the board for their consideration.

Marshal A. Oldman, Esq.  
Oldman, Cooley, Sallus, Gold, Birnberg & Coleman, LLP  
16133 Ventura Boulevard, Penthouse Suite A  
Encino, CA 91436-2447

October 3, 2011

Board Members  
California Board of Accountancy  
2000 Evergreen Street, Suite 250  
Sacramento, CA 95815

Dear Fellow Board Members:

I am writing to you today to express my interest in becoming the Vice-President of the Board for the 2012 year.

I was appointed to the Board in January, 2007. Since that time I have been the Secretary/Treasurer of the Board, chaired the Legislative Committee, acted as the Board Liaison to the Enforcement Advisory Committee and served on the Legislative Committee, the Enforcement Program Oversight Committee and the Task Force that revised the Board Operations Manual. This year I supported the Board's Ambassador Program by speaking at the University of San Diego and the Philippine American Society of Certified Public Accountants.

In the past I have functioned as the President of the San Diego Chapter of the California Society of Certified Public Accountants, Treasurer of the Rancho Bernardo Republican Women Federated, Treasurer of the Westwood Elementary School PTA and a Board Member of the Hope United Methodist Church. I am currently active in The Rotary Club of Rancho Bernardo, the Rancho Bernardo Branch of American Association of University Women and the Poway/Penesquitos Branch of American Association of University Women.

I have enjoyed working with all of you and look forward to continuing to do so in the future.

Sincerely,

A handwritten signature in cursive script that reads "Leslie J. LaManna".

Leslie J. LaManna  
16870 West Bernard Drive, Suite 400  
San Diego, CA 92127



October 20, 2011

California Board of Accountancy

Ladies and Gentlemen:

I am interested in running for the office of secretary/treasurer for the CBA for the year 2012. Below I have set forth what I believe are my qualifications for your consideration for this position.

Since graduating college in 1973 I have worked in public accounting my entire career first in New York City and now in Los Angeles. I have worked for only 3 accounting firms in my career and presently serve as the manager partner of a 100 person CPA firm in Santa Monica.

I have given my time to serve in the community and feel that this experience is invaluable in pursuant of this position.

I presently serve on the board and finance committee of a private day school in Northridge and have previously served as the school's treasurer/CFO for 6 years.

I presently serve on the finance committee, executive committee and the board of the Los Angeles Chamber of Commerce.

I am the immediate past Chairman of the Board for the Americas Region of BKR International, which is a group of 146 independent CPA firms in over 70 countries in more than 300 cities throughout the world. I am serving out my one year ex-officio term while also serving on the World Wide Board.

I have now been on the board of the CBA for almost a year and have gained an enormous amount of appreciation for this position along with the experience that comes with this responsibility.

I believe that my experience in both the accounting profession for over 38 years and in serving the community more than qualifies me to serve as secretary/treasurer for the CBA for 2012.

Thank you for considering me for this position.

  
Michael M. Savoy, CPA

1723 Cloverfield Boulevard  
Santa Monica, California 90404



**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>



**CBA Item XIV.C.**  
November 17-18, 2011

### **Press Release Focus**

**Presented by:** Lauren Hersh/ Information and Planning Manager  
**Date:** October 27, 2011

---

#### **Purpose of the Item**

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.

#### **Action(s) Needed**

No specific action is required on this agenda item

#### **Background**

There have been four press releases since the September CBA meeting; one on the signing of our "Retired Status" legislation (AB 431), one on the signing of "Ethics Education" legislation (SB 773) and two on enforcement actions.

#### **Comments**

None

#### **Recommendation**

Staff recommendation will be made at the time of this presentation.

#### **Attachments**

1. Governor signs Retired Status Legislation (AB 431)
2. Governor Signs Ethics Education Legislation (SB 773)
3. Enforcement Action News Release, Lopez
4. Enforcement Action News Release, Traveller



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



Attachment 1

## **NEWS RELEASE**

### **CALIFORNIA BOARD OF ACCOUNTANCY APPLAUDS SIGNING OF LEGISLATION CREATING “RETIRED STATUS” FOR CALIFORNIA ACCOUNTANTS**

*New law enables CPAs to choose “retired status”*

SACRAMENTO- Finally, California CPAs will be able to retire. The California Board of Accountancy’s bill establishing a retired status for California-licensed Certified Public Accountants, AB 431, was signed into law by Governor Brown Sunday, October 2. Until now, CPAs wishing to retire had to either continue paying their biennial renewal fees or allow their license to become delinquent and eventually cancel.

The new law is designed to remedy the problem.

“The CBA believes that CPAs who want to retire should not have to choose between paying to maintain their license or seeing the word ‘delinquent’ or ‘cancelled’ next to their name on the Board’s website,” said Patti Bowers, CBA Executive Officer. “We are pleased that this will no longer be an issue.”

The new law goes into effect January 1, 2012, and will enable the CBA to create the regulations needed to implement the retired status. CPAs are expected to be able to choose the retired status in 2013.

“The CBA would like to thank Assemblywoman Fiona Ma for introducing AB 431 and Governor Brown for signing it,” said Bowers. “This law will enable CPAs to retire with a designation that better reflects their actual status and acknowledges their years of professional service to their communities.”

Under the new law, the CBA will be required to deny retired status to anyone whose license has been canceled, suspended, revoked, or is otherwise subject to disciplinary action by the CBA.

“The CBA’s highest priority is the protection of the public and believes this new license category provides more specific information to the public,” said Ms. Bowers. “By preventing a licensee who has been disciplined from electing to retire their license, the CBA ensures that the public will know that “retired” licensees left the profession with their license clear of any disciplinary actions.”

Senate Bill 543, which was passed by the Legislature and extends the CBA’s authority to regulate the accountancy profession in California through January 1, 2016, was also signed into law by Governor Brown.

###

*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](http://www.cba.ca.gov)

Follow the CBA on Twitter at <http://twitter.com/CBAnews> and on Facebook at <http://www.facebook.com/CBAnews>. For email alerts, subscribe to <https://www.cba.ca.gov/forms/enews>

###



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



Attachment 2

## **NEWS RELEASE**

### **CALIFORNIA BOARD OF ACCOUNTANCY WELCOMES SIGNING OF ETHICS EDUCATION LEGISLATION**

*New law would give students and schools time to prepare for changes*

(Sacramento, CA) –The California Board of Accountancy (CBA) applauds Governor Brown’s signing of Senate Bill 773 (Negrete-McLeod), relating to accountants’ ethics education requirements. The CBA sent Governor Brown a letter last week supporting the legislation, which fast tracks the new requirements the CBA has been seeking to implement. Governor Brown signed the law Monday.

CBA Executive Officer Patti Bowers said SB 773 puts into law the ethics study guidelines deliberated by the CBA’s Ethics Curriculum Committee. “It is very important that these changes become law as soon as possible in order to give the colleges, universities, and, most importantly, students the maximum amount of time to plan and prepare for these changes that go into effect in January, 2014,” said Bowers. “While these changes could be done through regulation as required by current law, those regulations would not be in place for at least a year, making it more difficult for students and schools to prepare for the changes.”

Follow the CBA on Twitter at <http://twitter.com/CBAnews> and on Facebook at <http://www.facebook.com/CBAnews>. For email alerts, subscribe to <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.*

###

Á

**California Board of Accountancy**  
**Enforcement Action News Release**

Sent to [localnews@thedesertsun.com](mailto:localnews@thedesertsun.com) on October 28, 2011

**Mario Lopez, Cathedral City, CA (CPA 83229)** 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](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[www.dca.ca.gov/cba/discipline/decisions/index\\_1.shtml#567](http://www.dca.ca.gov/cba/discipline/decisions/index_1.shtml#567)

**California Board of Accountancy  
Enforcement Action News Release**

Sent to [cnunn@hjnews.com](mailto:cnunn@hjnews.com) and [pbeebe@sltrib.com](mailto:pbeebe@sltrib.com) on October 28, 2011

**Shane Hal Traveller, Logan, UT (CPA 66731)** 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](mailto:pbowers@cba.ca.gov) should you have any questions regarding this enforcement action.

[www.dca.ca.gov/cba/discipline/decisions/index\\_t.shtml#725](http://www.dca.ca.gov/cba/discipline/decisions/index_t.shtml#725)