



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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SACRAMENTO, CA 95815-3832
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
CERTIFIED PUBLIC ACCOUNTANT QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, January 22, 2014
11:30 a.m. – 5:00 p.m.**

Irvine Marriott
18000 Von Karman Avenue
Irvine, CA 92612
Telephone: (949) 553-0100
Fax: (949) 261-7059

Roll Call and Call to Order (**Maurice Eckley, Chair**).

- I. Chairperson's Report (**Maurice Eckley**).
- A. Approval of the October 23, 2013, Minutes.
- II. Report of the CBA Liaison (**K.T. Leung, CBA Liaison**).
- A. Report on the November 21-22, 2013, CBA Meeting.
- III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
- IV. Public Comment for Items Not on the Agenda.
Break.
- V. Conduct Closed Hearings [The Committee will meet in closed session as authorized by Government Code Sections 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]
Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meetings Act, all meetings of the QC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the QC prior to the QC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the QC, but the QC

Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the QC to discuss items not on the agenda; however, the QC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code secs. 11125, 11125.7(a).)

The time and order of agenda items are subject to change at the discretion of the QC Chair and may be taken out of order.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Kathryn Kay at (916) 561-1742, or by email at kathryn.kay@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Kathryn Kay, Licensing Coordinator
(916) 561-1742 or kathryn.kay@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

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

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QC Item I.A.
 January 22, 2014

CBA Item IX.C.
 January 23-24, 2014

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

MINUTES OF THE
OCTOBER 23, 2013
QUALIFICATIONS COMMITTEE (QC) MEETING

California Board of Accountancy
 Oakland Marriott City Center
 1001 Broadway
 Oakland, CA 94607
 Telephone: (501) 451-4000
 Fax: (501) 835-3466

The regularly scheduled meeting of the QC was called to order at approximately 12:13 p.m. on October 23, 2013, by QC Chair, Maurice Eckley, Jr.

QC Members

Maurice Eckley, Jr., Chair
 Kristina Mapes, Vice Chair
 Carlos Aguila – Absent
 Jenny Bolsky
 Gary Bong
 Brian Cates – Absent
 Lewis Fisher
 Michael Haas
 Chuck Hester
 Fausto Hinojosa
 Casandra Moore Hudnall
 Alan Lee
 Robert Ruehl
 Erin Sacco Pineda
 Jeremy Smith
 James Woyce – Absent

Staff Present

Veronica Daniel, Licensing Manager

Dominic Franzella, Chief, Licensing Division
Kathryn Kay, Licensing Coordinator

I. Chairperson's Report.

A. Approval of the July 31, 2013 QC Meeting Minutes.

It was moved by Ms. Bolsky, seconded by Mr. Lee and unanimously carried by those present to adopt the minutes of the July 31, 2013 QC meeting.

B. Report on September 26-27, 2013, CBA Meeting.

Mr. Eckley reported CBA President Leslie LaManna attended a hearing regarding the repayment of loans from special-funded state agencies. He noted that the Department of Finance plans for the CBA to be repaid its \$31 million in outstanding loans to the General Fund in Fiscal Years 2014-2015 and 2015-2016. He added the plan for repayment will not be finalized until the budget bill passes.

Mr. Eckley reported that the CBA Fiscal Year 2013-2014 budget is set at \$11,573,000, which is an increase of approximately \$435,000 from Fiscal Year 2012-2013. The increase is due to the elimination of the personal leave program, increase in payroll costs, retirement, and health benefits. Mr. Eckley added that the CBA was presented with the Annual Report, which includes an overview of the CBA Strategic Plan, budget information, statistics on processing timeframes within the Licensing and Enforcement Divisions, and results from its online Customer Satisfaction Survey. Mr. Eckley noted that a copy of the full report may be viewed on the CBA website.

Mr. Eckley reported that on July 1, 2013, the new practice privilege provisions took effect. He stated that to aid in the implementation of the new provisions, the CBA adopted a set of emergency regulations, and that the CBA conducted a regulation hearing and adopted finalized regulations to make the previously adopted emergency regulations permanent. Mr. Eckley added as part of the adoption, the CBA included general staff-suggested modifications that were minor and non-technical in nature.

Mr. Eckley provided information regarding the Uniform Accountancy Act (UAA) Exposure Draft which proposes a revision to the definition of the word "attest." He added the CBA currently maintains a neutral position on the exposure draft and submitted a "no comment" letter to the National Association of State Boards of Accountancy (NASBA) UAA Committee.

Mr. Eckley provided an update regarding legislation that the CBA has taken a position on. He reported that Senate Bill 823, was signed and chaptered on

October 1, 2013, and that this bill allows a CPA applicant to obtain licensure under the existing requirements through December 31, 2015, if they pass the CPA Exam on or before December 31, 2013. It also allows an applicant enrolled in a degree program to take the CPA Exam upon completing the baccalaureate degree requirements.

C. Report on the September 26, 2013, Taskforce to Examine Experience for CPA Licensure (Taskforce) Meeting.

Ms. Mapes reported the Taskforce held an approximately two-and-a-half hour discussion in September involving how consumer information could be improved on the CBA website, the acceptance of academia experience, and possible modifications to the present general accounting and attest experience requirements.

Ms. Mapes stated the Taskforce discussed a series of staff-proposed changes to various consumer information available on the CBA website to mitigate consumer confusion related to definitions of CPA licensure obtained via general accounting and attest experience. She added that the Taskforce moved to accept staff proposed changes with some additional Taskforce-requested text recommendations, and allow the staff to work with legal counsel on technical changes.

Ms. Mapes stated the Taskforce also discussed the possibility of allowing academia to be accepted for qualifying general accounting experience toward CPA licensure. She reported that the Taskforce recommended that the CBA explore the possibility of allowing academia to qualify as experience for CPA licensure. She added that as part of its exploration, the Taskforce recommended that the amount of academia experience exceed a one-to-one ratio and that various issues should be addressed such as who could sign off on academia experience, whether teaching experience should be available to academics at both two- and four-year institutions and the institution's accreditation.

Ms. Mapes reported the Taskforce recommended that the CBA maintain the status quo regarding the general accounting experience requirement.

Ms. Mapes provided information regarding the Taskforce's discussion centered around the present 500-hour requirement, the CBA's consumer protection mandate, entry-level requirements for practitioners, and what it means to be a CPA, both in California and nationally. She reported members discussed various post-licensure requirements, including peer review, continuing education, and professional standards and the effectiveness of these systems in assuring consumer protection related to the attest function. She reported that after extensive deliberations on this topic, the Taskforce

recommended that the CBA eliminate the attest experience requirement by a 5-4 vote.

Mr. Franzella reported the CBA accepted the Taskforce's recommendation to explore the possibility of allowing academia experience to qualify for CPA licensure in California. He reported that they did not accept the Taskforce's recommendation to eliminate the attest experience requirement. Mr. Franzella stated the CBA directed staff to gather additional research data of California licensees regarding the 500 attest hours, work with NASBA or others to obtain out-of-state data and analyze enforcement data points.

Ms. Moore Hudnall stated that CPAs should be given the discretion to or not to sign off on general accounting experience if they feel the work performed was poor.

Ms. Mapes stated that the Taskforce discussed the option of modifying the general experience requirement to include a supervisor's opinion, but the Taskforce recommended to maintain status quo.

Mr. Haas expressed concern regarding the potential impact of modifications to the present experience requirements.

Mr. Hester inquired if the Taskforce will continue discussions regarding the present experience requirements for licensure.

Mr. Franzella stated that the topic of academia will be discussed further by the Committee on Professional Conduct (CPC).

II. Report on the Activities in the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. She highlighted that a new section has been added to the Initial Licensing Unit (ILU) Report to provide members with statistics regarding customer service-related activities in the unit.

Ms. Daniel reported that ILU staff is continuing to prepare for implementation of new regulations regarding CE requirements for stale-dated experience and license reissuance, which will take effect January 1, 2014. She added that an article regarding the new requirements will be included in the fall edition of UPDATE. Ms. Daniel added that ILU and Examination Unit staff continue to participate in training sessions in preparation of the new educational requirements set to take effect January 1, 2014.

III. Proposed 2014 QC Meeting Dates.

It was moved by Ms. Mapes, seconded by Mr. Hester and unanimously carried by those present to adopt the proposed 2014 QC meeting dates.

IV. Travel Reimbursement Rates Effective September 1, 2013 (Written Report Only)

V. Public Comment for Items Not on the Agenda.

None.

VI. CONDUCT CLOSED HEARINGS [Closed session in accordance with Government Code Section 11126(c)(2) and (f)(3), and Business and Professions Code Section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

C13-029 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 67 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C13-030 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 85 months of experience, with a 12-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C13-031 – The applicant appeared due to experience obtained outside the United States and presented work papers from his public accounting experience. He has 39.25 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C13-032– The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 48.5 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

C13-033– The applicant appeared due to experience obtained in private industry and presented work papers from his public accounting experience. He has 36 months of experience, with a 24-month experience requirement. He is currently licensed with general experience.

Recommendation: Defer. The content of the work papers provided did not include sufficient documentation of full disclosure financial statements and did not meet auditing standards. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum 500 hours of qualifying experience that will enable him to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether or not he will be required to reappear with work papers for the QC's review.

C13-034– The applicant and his employer appeared and presented work papers from his public accounting experience. The applicant disputed the CAE submitted on his behalf. He has 12.75 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The Certificate of Attest Experience was not affirmatively completed in its entirety. However, the work performed by the applicant was reviewed and the work papers provided supported the employer's opinion.

Recommendation: Defer attest licensure. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain additional experience in the planning of the audit, including the selection of the procedures to be performed and reporting on full disclosure financial

statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether or not she will be required to reappear with work papers for the QC's review. The firm is placed on reappearance.

C13-036 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 65.5 months of experience, with a 24-month experience requirement. He is currently licensed with general experience.

The employer's understanding of the CAE was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

The following Section 69 reviews took place on October 9, 2013, and are made a part of these minutes.

C13-035 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 38.5 months of experience, with a 24-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 3:30 P.M. on October 23, 2013. The next meeting of the QC will be held on January 22, 2014.

Maurice Eckley, Jr., Chair

Prepared by: Kathryn Kay, Licensing Coordinator



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QC Item II.A.
 January 22, 2014

CBA Item IX.A.
 January 23-24, 2014

DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
November 21-22, 2013
CBA MEETING

DRAFT

Hilton San Jose
 300 South Almaden Blvd.
 San Jose, CA 95113
 Telephone: (408) 287-2100
 Fax: (408) 947-4489

Roll Call and Call to Order.

CBA President Leslie LaManna called the meeting to order at 10:10 a.m. on Thursday, November 21, 2013 at the Hilton San Jose. The meeting recessed at 3:06 p.m. President LaManna reconvened the meeting at 9:01 a.m. on Friday, November 22, 2013 and the meeting adjourned at 11:05 a.m.

CBA Members

November 21, 2013

Leslie LaManna, President	10:10 a.m. to 3:06 p.m.
Michael Savoy, Vice President	10:10 a.m. to 3:06 p.m.
K.T. Leung, Secretary-Treasurer	10:10 a.m. to 3:06 p.m.
Sarah (Sally) Anderson	10:10 a.m. to 3:06 p.m.
Diana Bell	10:22 a.m. to 3:06 p.m.
Alicia Berhow	10:10 a.m. to 3:06 p.m.
Michelle Brough	10:10 a.m. to 3:06 p.m.
Jose Campos	10:10 a.m. to 3:06 p.m.
Herschel Elkins	10:10 a.m. to 3:06 p.m.
Laurence (Larry) Kaplan	10:10 a.m. to 3:06 p.m.
Louise Kirkbride	10:10 a.m. to 3:06 p.m.
Marshal Oldman	Absent
Manuel Ramirez	10:10 a.m. to 3:06 p.m.
Katrina Salazar	10:10 a.m. to 3:06 p.m.

CBA Members

November 22, 2013

Leslie LaManna, President	9:01 a.m. to 11:05 a.m.
Michael Savoy, Vice President	9:01 a.m. to 11:05 a.m.
K.T. Leung, Secretary-Treasurer	9:01 a.m. to 9:18 a.m.
Sarah (Sally) Anderson	9:01 a.m. to 11:05 a.m.
Diana Bell	9:01 a.m. to 11:05 a.m.
Alicia Berhow	9:01 a.m. to 11:05 a.m.
Michelle Brough	9:01 a.m. to 11:05 a.m.
Jose Campos	9:01 a.m. to 11:05 a.m.
Herschel Elkins	9:01 a.m. to 11:05 a.m.
Laurence (Larry) Kaplan	9:01 a.m. to 11:05 a.m.
Louise Kirkbride	9:01 a.m. to 11:05 a.m.
Marshal Oldman	Absent
Manuel Ramirez	9:01 a.m. to 11:05 a.m.
Katrina Salazar	9:01 a.m. to 11:05 a.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Licensing Division
Rafael Ixta, Chief, Enforcement Division
Nicholas Ng, Administration Manager
Kari O'Connor, Enforcement Analyst
Corey Riordan, Board Relations Analyst
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Legislative Analyst

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)
Maurice Eckley Jr., Chair, Qualifications Committee (QC)

Other Participants

Ken Bishop, National Association of State Boards of Accountancy (NASBA)
Michael C. Cohn, Administrative Law Judge (ALJ), Office of Administrative Hearings
Patricia Farace, Prometric

Michael Decker, American Institute of CPAs (AICPA)
Jason Fox, California Society of Certified Public Accountants (CalCPA)
Patricia Hartman, NASBA
Gary McBride, Professor, Department of Accounting and Finance, California State University, East Bay
Michael Mophew, Center for Public Interest Law (CPIL)
Michelle Vu Nguyen, Petitioner
Pilar Onate-Quintana, KP Public Affairs
Joe Petito, The Accountants Coalition
Hal Schultz, CalCPA
Randy Werner, CAMICO
Janice Williams, Diamond Court Reporters

I. Report of the President

A. Presentation from NASBA (National Association of State Boards of Accountancy) Regarding Uniform Certified Public Accountant (CPA) Examination.

Ms. Hartman, Ms. Farace and Mr. Decker provided an overview of the Uniform CPA Examination (CPA Exam). They highlight the tri-party agreement among NASBA, AICPA, and Prometric, taking the opportunity to overview each parties role in the overall administration of the CPA Exam.

B. 2014 CBA Member Committee Interest Survey.

Ms. Riordan requested that the CBA members complete the committee interest survey by December 6, 2013. She stated the new CBA President will use the surveys to appoint members to the Committee on Professional Conduct (CPC), the Legislative Committee (LC), the Enforcement Program Oversight Committee (EPOC) and liaisons for the Qualifications Committee (QC) and the Enforcement Advisory Committee (EAC).

C. Report on the Role of the Committee Liaisons.

Ms. LaManna provided an overview of the role of the committee liaisons. Ms. LaManna stated using surveys and interviews, it was determined that the liaisons provide the CBA with an important service and that the CBA should continue appointing and employing liaisons. Ms. LaManna recommended the CBA direct staff to develop an orientation program for new liaisons. The orientation would provide an overview of the liaisons role, introduction to the Chair and Vice-Chair of the committee, an overview of the current priorities and develop a liaison handbook. Secondly, the staff would facilitate communication between the Northern and Southern liaisons between meetings. Lastly, the staff would arrange for the liaisons to attend either an investigative hearing or an applicant

employee interview during their term as liaison.

It was moved by Mr. Ramirez, seconded by Ms. Berhow and unanimously carried by those present to direct staff to develop an orientation program for new liaisons.

D. Resolution for Retiring CBA Member Michelle Brough.

It was moved by Mr. Elkins, seconded by Mr. Leung and unanimously carried by those present to approve the resolution for retiring CBA member Michelle Brough.

E. Resolution for Retiring Enforcement Advisory Committee Member James Rider (EAC).

It was moved by Mr. Ramirez, seconded by Ms. Brough and unanimously carried by those present to approve the resolution for retiring EAC member James Rider.

F. Discussion Regarding Lease Options for the California Board of Accountancy's Principal Office Location.

Ms. Bowers provided an update on the status of the primary CBA office location. Ms. Bowers stated a move would impact the CBA operationally and fiscally but due to the recent maintenance issues it is prudent to explore options for a new office location. Ms. Bowers stated the timeframe of a move would be approximately eighteen months, which would include the search, build out of the office suite and the physical move of the office items.

CBA members expressed their support of moving to a new office, which is newer and has the ability to accommodate the CBA's current and future needs.

G. DCA Director's Report.

There was no report for this item.

II. Report of the Vice President.

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

It was moved by Mr. Elkins, seconded by Ms. Salazar and unanimously carried by those present to reappoint Ms. Gerhardt as Chair of the EAC for a one-year term.

It was moved by Mr. Elkins, seconded by Ms. Salazar and unanimously carried by those present to appoint Mr. De Lyser as Vice Chair of the EAC for a one-year term.

- B. Recommendations for Appointment(s)/Reappointment(s) to and Rotation Off the Qualifications Committee (QC).

It was moved by Ms. Bell, seconded by Mr. Elkins and unanimously carried by those present to reappoint Mr. Eckley as Chair of the QC for a one-year term.

It was moved by Mr. Elkins, seconded by Ms. Bell and unanimously carried by those present to appoint Mr. Ruehl as Vice Chair of the QC for a one-year term.

It was moved by Mr. Elkins, seconded by Ms. Anderson and unanimously carried by those present to reappoint Ms. Bolsky as a member of the QC for two years.

It was moved by Mr. Ramirez, seconded by Ms. Brough and unanimously carried by those present to rotate Mr. Bong, Mr. Woyce and Mr. Haas off the QC.

- C. Recommendations for Appointment(s)/Reappointment(s) to the Peer Review Oversight Committee.

There was no report on this item.

III. Report of the Secretary/Treasurer

- A. Discussion of Governor's Budget.

- B. Fiscal Year 2013-2014 First Quarter Financial Statement.

Mr. Leung provided an overview of the first quarter financial statement. He stated the current 2013-2014 budget was set at \$11,574,000, an increase of four percent from the last fiscal year. Revenue during the first quarter was approximately \$3,000,000.

Mr. Ramirez inquired about the nine percent increase in wages, benefits and retirement.

Mr. Ng stated that the increase was due to the cancellation of the mandatory personal leave program and increased costs of benefits and

retirement.

IV. Report of the Executive Officer (EO).

A. Overview of the Role of the Executive Officer in Identifying Resources Needs and Establishing Staffing Levels.

Ms. Bowers provided an overview of this item. She highlighted the rigorous internal process employed to determine appropriate staffing levels for each of the divisions. Ms. Bowers noted that prior to pursuing a staffing augmentation, consideration is given to current operational efficiencies, absorbing workload, redirecting existing resources and employing part-time or temporary employees. She noted that only after all other opportunities are explored and exhausted does she move forward with preparing and submitting a budget change proposal (BCP) for review by the DCA, Business, Consumer Services, and Housing Agency (BCSHA) and the Department of Finance (DOF). If the BCP is approved, it is submitted for inclusion in the Governor's Budget, where it is reviewed by the Budget Subcommittees of the Assembly and Senate. The BCPs are not approved until the Governor's budget is signed. Ms. Bowers reported that staff is continuing to work on the comparison of resource information from other agencies that the CBA requested.

Mr. Ramirez inquired about the loss of nine positions in 2012-2013.

Ms. Bowers stated a budget letter was released in 2011 directing state agencies to reduce its workforce. The CBA's portion was \$260,000, resulting in a reduction of nine positions. In 2012 a salary savings budget letter directed the CBA to reduce its budget by \$169,000, resulting in a reduction of five positions.

Mr. Ramirez inquired if the CBA is proposing to go back to the original staffing level.

Ms. Bowers stated the CBA uses the current and future workload to determine staffing levels.

B. Update on Staffing.

Ms. Bowers stated since the September CBA meeting the CBA has hired two permanent and two temporary staff. Currently, there is one vacancy in the renewal unit and two temporary vacancies in the enforcement division.

C. Discussion and Possible Action to Establish the Mobility Stakeholder Group.

Mr. Stanley provided an overview of this item. He stated that Senate Bill (SB) 1405 requires the CBA to convene a stakeholder group by July 1, 2014,

the purpose which is to consider whether the provisions of the practice privilege law are consistent with the CBA's duty to protect the public and to satisfy the objectives of stakeholders of the accounting profession. He further stated that at the group's first meeting it must adopt policies and procedures relative to how it will conduct its business. He noted that for this meeting the CBA must determine a group name, the composition of the group, who will determine the group composition, and group leadership.

It was moved by Mr. Campos, seconded by Mr. Elkins and unanimously carried by those present to:

- **Name the group the Mobility Stakeholder Group (MSG)**
- **Compose the group with two members of the CBA, two representatives of the accounting profession, two consumer representatives and one enforcement staff**
- **Have the 2014 CBA President appoint the members, a Chair and Vice-Chair and work with the Executive Officer to solicit members**

D. Update on the CBA 2013-2015 Strategic Plan (Written Report Only).

There were no comments on this item.

E. Update on the CBA 2013-2015 Communications and Outreach Plan (Written Report Only).

There were no comments on this item.

V. Report of the Licensing Chief.

A. Report on Licensing Division Report.

Mr. Franzella provided an overview of this item. He reported that due to Senate Bill (SB) 823, the Licensing Division has experienced an increase in activities, especially in telephone calls. He also noted that the division had seen a forty-three percent increase in the number of applications for licensure. He further stated that staff is working to clarify information regarding the new fingerprinting requirements.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Ixta provided an overview of this item. He reported during Fiscal Year (FY) 2013-2014 1,946 complaints were received and 1,894 of the cases were assigned for review. He noted that the division closed 390 cases and 2,029 cases were pending, with six complex cases pending over 24 months. He stated staff are trying to manage the increase in cases that are aging by prioritizing workload and working overtime when necessary.

Mr. Ramirez inquired if it would be helpful if the CBA would be more reasonable with expectations of getting through the cases.

Ms. Bowers responded that it would be appreciated, however consistent with its consumer protection mandate it is important that the CBA complete investigations as quickly as possible.

Ms. Berhow inquired about how Enforcement Division prioritizes the cases.

Mr. Ixta stated the Enforcement Division prioritizes complaints during the intake process, and those with the potential of ongoing consumer harm are given the highest priority.

VII. Committee and Task Force Reports.

A. Committee on Professional Conduct (CPC).

1. Report of the November 21, 2013 CPC Meeting.
2. Discussion on Accepting Academia as Qualifying Experience for CPA Licensure.

Mr. Savoy reported the CPC recommended that the CBA should accept academia experience towards the general accounting experience for CPA licensure. He stated that the CPC determined that teaching 48 semester units, or its equivalent, would be equivalent to one year of general experience. The classes taught must qualify for the education required by CBA Regulations section 9.2(b). He further stated the dean or department chair could sign off on experience acquired and the instruction must take place at an accredited institution that meets the CBA's existing requirements for accreditation.

It was moved by Ms. Salazar, seconded by Mr. Ramirez and unanimously carried by those present to recommend that the CBA move forward with legislation that allows for California to accept experience in academia as qualifying general experience and direct staff to use the discussion from the CPC meeting as a framework for crafting future regulations should the legislation become law.

B. Peer Review Oversight Committee (PROC).

1. Report of the November 1, 2013 PROC Meeting.

Ms. Corrigan reported that the PROC reviewed 52 peer review reports. The PROC did not have any findings or concerns regarding the oversight procedures of the CalCPA report acceptance body meeting.

She stated that the first draft of the third annual peer review report was approved and will be presented at the March CBA meeting. Lastly, she stated the PROC received approval from NASBA to participate in the conference calls conducted by NASBA's Committee Compliance Assurance Committee.

C. Enforcement Advisory Committee (EAC).

1. Report of the October 24, 2013 EAC Meeting.

Ms. Gerhardt reported that four investigative hearings were conducted, one matter was referred to the Attorney General's (AG) Office for preparation of an accusation, one concluded with additional investigation and possible referral to the AG's Office, one citation was issued and one was closed with no enforcement action. She further reported that the EAC reviewed sixteen closed cases and agreed with staff's closure on all of the cases. Lastly, she noted that one restated financial statement was reviewed and the EAC agreed an investigation should be opened.

D. Qualifications Committee (QC).

1. Report of the October 23, 2013 QC Meeting.

Mr. Eckley reported that two personal appearances were made, one was approved and one was deferred. He also noted that five Section 69 reviews were conducted with all being approved. Lastly, he noted that one dispute was heard with the QC agreeing with the firm.

2. Approval of 2014 QC Meeting Dates.

It was moved by Mr. Campos, seconded by Mr. Savoy and unanimously carried by those present to approve the 2014 QC meeting dates.

VIII. Acceptance of Minutes.

A. Draft Minutes of the September 26-27, 2013 CBA Meeting.

B. Minutes of the March 21, 2013 CPC Meeting.

C. Minutes of the July 31, 2013 QC Meeting.

D. Minutes of the July 11, 2013 EAC Meeting.

E. Minutes of the August 23, 2013 PROC Meeting.

It was moved by Mr. Elkins, seconded by Ms. Berhow and carried by those present to accept agenda items VIII.A.- VIII.E. Mr. Savoy abstained from approving the September CBA meeting minutes as he was not present.

IX. Other Business.

- A. American Institute of Certified Public Accountants (AICPA).
- B. National Association of State Boards of Accountancy (NASBA).
 - 1. Update on NASBA Committees.

- a. Accountancy Licensee Database Task Force.

Ms. Bowers stated she was reappointed for an additional year as a member of the Accountancy Licensee Database Task Force.

- b. Board Relevance & Effectiveness Committee.

X. Officer Elections.

- A. Secretary/Treasurer.

It was moved by Mr. Ramirez, seconded by Ms. Anderson and unanimously carried by those present to elect Ms. Salazar as Secretary/Treasurer of the CBA.

- B. Vice President.

It was moved by Mr. Kaplan, seconded by Mr. Savoy and unanimously carried by those present to nominate Mr. Leung and Mr. Campos for the position of Vice Chair. The result of the election was ten votes for Mr. Campos, one vote for Mr. Leung and two abstentions.

- C. President.

It was moved by Mr. Ramirez, seconded by Mr. Kaplan and unanimously carried by those present to elect Mr. Savoy as President of the CBA.

XI. 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.)

XII. NASBA Overview of Firm Mobility Exposure Draft.

Mr. Bishop, President and Chief Executive Officer, NASBA, presented information

regarding firm mobility. He stated 16 states have firm mobility. Mr. Bishop stated the exposure draft would have to be changed if a state was interested in firm mobility and not interested in changing the definition of attest. He stated firm mobility would allow a firm to perform audits without having a license with the visiting state, if the firm:

- Has practice privilege in their home state
- Is licensed in a substantially equivalent state
- Are enrolled in peer review in their home state
- Does not have a physical location in the visiting state
- Meet the ownership requirements of the UAA

He further stated that he recommended having legal counsel review the no escape section of the Uniform Accountancy Act Exposure Draft to ensure it provides the state with full authority over the visiting firm.

Ms. Anderson inquired about our authority if a consumer has a complaint about a visiting firm or individual.

Mr. Ixta stated that the CBA currently investigates the firm and the individual.

Mr. Bishop stated California has a no escape feature and he recommends if the exposure draft is not clear, the language should be changed.

Mr. Kaplan inquired if the change of the definition of attest would be an issue for the CBA.

Ms. Shellans stated the definition of attest would need to be analyzed during the review to determine its impact on California.

It was moved by Mr. Ramirez, seconded by Ms. Berhow that the CBA appoint two members to a taskforce for the purpose of reviewing the exposure draft and reporting back to the CBA. The motion was unanimously carried by those present. Mr. Campos and Mr. Savoy were assigned to the taskforce.

XIII. Presentation from CAMICO Insurance Representatives Regarding Leading Causes of Claims Against CPAs.

Ms. Werner, Loss Prevention Specialist, with CAMICO Insurance, presented information regarding this item. She stated the largest average claim size in dollar amounts are in audit, review and compilation. She reviewed CAMICO's frequency versus severity of claims. Ms. Werner further stated for each one hundred CAMICO insured firms, eight firms have a claim each year, of which four claims are settled. Lastly, she reviewed the common and avoidable claims.

XIV. Closing Business.

A. Public Comments.

There were no comments.

B. Agenda Items for Future CBA Meetings.

There was no comment.

C. Press Release Focus.

Ms. Pearce stated the topic for consideration for the press release was the new leadership and an announcement for recruiting members for the Mobility Stakeholder Group.

XV. Petition Hearings.

A. Michelle Vu Nguyen, Lic. CPA No. 92316-Petition for Reduction of Penalty.

The CBA members heard the petition for reduction of penalty for Michelle Vu Nguyen.

XVI. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA will Convene Into Closed Session to Deliberate on Disciplinary Matters (Petition for Reduction of Penalty.)

Adjournment.

President LaManna adjourned the meeting at 11:05 a.m. on Friday, November 22, 2013.

_____ Leslie J. LaManna, CPA, President

_____ K.T. Leung, CPA, Secretary-Treasurer

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

**California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of December 31, 2013**

Initial Licensing Unit (ILU) Statistics

Individual License Applications	FY 2011/12	FY 2012/13	FY 2013/14
CPA Licensure Applications Received by Type¹			
Type A	2,969	3,036	2,630
Type B	151	206	139
Type C	392	329	289
Type D	68	54	33
Type E	14	29	25
Total Received	3,594	3,654	3,116
Total Processed	3,241	3,474	2,388
Average Days to Process	15	25	25
Method of Licensure			
Pathway 0 ²	12	4	0
Pathway 1 – attest	405	416	253
Pathway 1 – general	499	543	408
Pathway 2 – with attest	795	756	465
Pathway 2 – without attest	1,530	1,755	1,262

Firm License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Corporation			
Total Received	257	221	113
Total Processed	223	174	108
Average Days to Process	8	14	31

¹ Application Type

² Although uncommon, the CBA does have occasion to issue licenses under Pathway 0 due to the reissuance process.

California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of December 31, 2013

Partnership			
Total Received	125	89	54
Total Processed	106	70	53
Average Days to Process	8	14	31
Fictitious Name Permit			
Total Received	178	169	74
Total Processed	156	105	56
Average Days to Process	8	14	31

Customer Service	FY 2011/12	FY 2012/13	FY 2013/14
Telephone Calls Received	19,399	24,006	16,014
Emails Received	7,913	9,670	7,223
Certifications			
Total Received	1,237	1,073	428
Total Processed	1,237	1,073	379
Average Days to Process	20	20	25

ILU Activities

- Initial Licensing Unit (ILU) staff continues to prepare for reviewing applications for the new educational requirements, which took effect January 1, 2014. It is anticipated that the CBA will start seeing applications submitted under the new requirements beginning February 2014.
- The ILU is presently recruiting to fill an Office Technician position.