



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
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CBA MISSION: To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards

CALIFORNIA BOARD OF ACCOUNTANCY QUALIFICATIONS COMMITTEE

MEETING NOTICE & AGENDA

**Wednesday, October 19, 2016
10:00 a.m. – 5:00 p.m.**

**California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832
Telephone: (916) 263-3680
Facsimile: (916) 263-3675**

Important Notice to the Public

All times indicated are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 263-3680 or access the California Board of Accountancy website at www.cba.ca.gov.

Call to Order, Roll Call, Establishment of Quorum, and Opening Remarks
(Jenny Bolsky, Chair).

- I. Chairperson's Report **(Jenny Bolsky)**.
 - A. Approval of the July 27, 2016, Qualifications Committee Meeting Minutes.
- II. Report of the California Board of Accountancy Liaison **(Veronica Daniel, Licensing Manager)**.
 - A. Report on the September 15-16, 2016, California Board of Accountancy Meeting.
- III. Report on Activities for the Initial Licensing Unit **(Veronica Daniel)**.
- IV. Public Comment for Items Not on the Agenda*.
- V. Review Files on Individual Applicants [The QC will meet in closed session to review and deliberate on applicant files as authorized by Government Code section 11126(c)(2), and Business and Professions Code (BPC) sections 5022 and 5023.]

Break.

- VI. Conduct Closed Hearings [The QC will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3), and BPC section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

Return to Open Session.

Adjournment.

In accordance with the Bagley-Keene Open Meeting Act, all meetings of the California Board of Accountancy 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 Qualifications Committee prior to the Qualifications Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Qualifications Committee, but the committee Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the Qualifications Committee to discuss items not on the agenda; however, the Qualifications Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

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 Janet Zimmer at (916) 561-1756, or by email at janet.zimmer@cba.ca.gov, or send a written request to the California Board of Accountancy 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:

Janet Zimmer, Licensing Coordinator
(916) 561-1756 or janet.zimmer@cba.ca.gov

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**QC Item I.A.**

October 19, 2016

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

**MINUTES OF THE
 July 27, 2016
 QUALIFICATIONS COMMITTEE (QC) MEETING**

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000

The regularly scheduled meeting of the QC was called to order at 11:13 a.m. on July 27, 2016, by QC Chair, Jenny Bolsky.

QC Members

Jenny Bolsky, CPA, Chair
 David Evans, CPA, Vice-Chair
 Eric Borigini, CPA - Absent
 Saboohi Currim, CPA
 Christine Gagnon, CPA - Absent
 Tracy Garone, CPA - Absent
 Kristian George, CPA - Absent
 Casandra Moore-Hudnall, CPA - Absent
 Jose Palma, CPA
 Nasi Raissian, CPA
 Robert Ruehl, CPA
 Thomas Sauer, CPA
 Virginia Smith, CPA
 Kimberly Sugiyama, CPA

CBA Members

Alicia Berhow, CBA Member, QC Liaison (Southern California)

CBA Staff

Veronica Daniel, Licensing Manager
 Janet Zimmer, Licensing Coordinator

I. Chairperson's Report.

Ms. Bolsky welcomed the QC Members and read the CBA Mission Statement to open the meeting.

Ms. Bolsky announced that Chuck Hester and David Papotta have retired from the QC. David Evans, Tracy Garone, and Casandra Moore-Hudnall were congratulated on being reappointed to the QC by the CBA.

A. Approval of the January 20, 2016 QC Meeting Minutes.

It was moved by Ms. Raissian and seconded by Mr. Palma to approve the minutes of the January 20, 2016 QC Meeting.

Yes: Ms. Currim, Mr. Palma, Ms. Raissian, Mr. Ruehl, Ms. Smith, Ms. Sugiyama, Mr. Evans, Ms. Bolsky.

No: None.

Abstain: Mr. Sauer

Absent: Mr. Borigini, Ms. Gagnon, Ms. Garone, Ms. George, Ms. Moore-Hudnall.

B. Proposed 2017 Qualifications Committee Meeting Dates.

Mr. Sauer asked why meetings were scheduled on Wednesdays and asked if it were possible to select other days. Ms. Daniel explained that historically Wednesdays were selected so as not to affect the beginning or end of the work week but could be discussed during this meeting or scheduled as a topic for future discussion. Mr. Sauer requested that it be considered for a topic for future discussion. Ms. Bolsky indicated it could be discussed when considering the 2018 meeting date schedule.

It was moved by Mr. Evans and seconded by Ms. Raissian to accept the proposed 2017 Qualifications Committee Meeting Dates.

Yes: Ms. Currim, Mr. Palma, Ms. Raissian, Mr. Ruehl, Mr. Sauer, Ms. Smith, Ms. Sugiyama, Mr. Evans, Ms. Bolsky.

No: None.

Abstain: None.

Absent: Mr. Borigini, Ms. Gagnon, Ms. Garone, Ms. George, Ms. Moore-Hudnall.

II. Report of the CBA Liaison.

A. Report on the January, March, May, and July 2016 CBA Meetings.

Ms. Berhow provided a report for this item.

Due to the cancellation of the April QC meeting, Ms. Berhow's report included topics covered over four CBA meetings.

Department of Labor (DOL)

Since January 2016, the CBA has been discussing the DOL's recommendations regarding assessing the quality of employee benefit plan audits. There have been guest speakers, including Jim Brackens, American Institute of Certified Public Accountants (AICPA) Vice-President of Ethics and Practice Quality and Maria Caldwell, National Association of State Boards of Accountancy (NASBA) Chief Legal Officer and Director of Compliance Services, as well as, Ian Dingwall, Department of Labor (DOL) Chief Accountant.

In May and July, the CBA discussed DOL's recommendations in their report "Assessing the Quality of Employee Benefit Plan Audits" and focused on enforcement, peer review, outreach and continuing education (CE). In July, staff was directed to communicate the DOL's findings through various outreach methods including social media, UPDATE, and the CBA's website. In addition the CBA will monitor future DOL referrals to later determine whether specialized CE is necessary.

Regulations and Legislation

The CBA approved proposed regulatory language to amend CBA Regulations Section 80.1, 80.2, 87, and 87.1 establishing an 8-hour accounting and auditing or preparation engagement, and a 4-hour fraud CE requirement for licensees, which as their highest level of service, perform preparation engagements.

The CBA approved proposed regulatory language to amend CBA Regulations section 9.1, Credentials Evaluation Service Status and incorporate the Credentials Evaluation Service Application form, which will strengthen CBA's oversight of foreign credentials evaluation services.

The CBA approved to initiate a rulemaking package to amend CBA Regulations section 45, Reporting to the Board, which will clarify the reporting of sole proprietors for the purpose of peer review.

The CBA also took and/or maintained positions on several legislative bills. If members are interested in reviewing any of the bills, they are listed on the

CBA's website along with a letter to the author of the bill. Ms. Berhow highlighted that the CBA is sponsoring AB 2560, which would grant the CBA legislative authority to adopt emergency regulations to remove states from the no notice, no fee practice privilege program.

Attest Study

The CBA reviewed the final report of the Study of the Attest Experience Requirement, which included comments and feedback from 10,163 stakeholders. Following an in-depth review and discussion, the CBA concluded that the current 500 hour attest experience requirement should be maintained.

Outreach

In accordance with President Salazar's efforts to increase the CBA's outreach efforts this year, staff have presented exam and licensure requirements to the students of University of Southern California (USC) and California State University (CSU) Fullerton and made a presentation to the faculty of CSU Fullerton as well.

President Salazar and staff hosted a booth at a financial literacy fair on the steps of the Capitol building hosted by the Department of Business Oversight.

Ms. Berhow, along with CBA staff, also conducted a presentation on the license renewal process at Accounting Day 2016 in San Diego.

QC Resolutions/Reappointments

In March, the CBA reappointed David Evans and Tracy Garone to the QC. In May, Casandra Moore-Hudnall was also reappointed.

Resolutions for Chuck Hester and David Papotta were presented before the CBA at its March meeting and have been mailed out to the retired members.

The CBA meeting will hold its next meeting in Los Angeles, on September 15-16, 2016.

III. Report on the Activities of the Initial Licensing Unit (ILU).

Ms. Daniel provided the licensing statistics for three fiscal years through June 30, 2016. Ms. Daniel noted that the current processing time for individual CPA applicants is 24 days with a target goal of 30 days. Due to recent air conditioning issues at the CBA office in July, the office experienced early closures nearly every day over the course of two weeks. Staff are working to mitigate any impact that may have on processing times but there may be an increase in processing time frames for the month of July and August. Ms. Daniel stated that the ILU is currently recruiting to fill a limited term AGPA position. Staff are working towards final implementation of

changes to the ethics study requirement. As of January 1, 2017, the 10 semester unit ethics study requirement will include three semester units or four quarter units specifically in a course devoted to accountants ethics or accountants' professional responsibilities.

IV. Public Comment for Items Not on the Agenda.

Mr. Ruehl suggested that due to recent changes that determined preparation engagements as a non-attest function, the committee may want to review the language on the Certificate of Attest Experience. Ms. Bolsky asked if it could be made a future agenda item. Ms. Daniel stated the committee would need to seek board authorization prior to conducting this scope of work.

V. 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 interview individual applicants for CPA licensure.]

The following Section 69 reviews took place on April 20, 2016 and are made a part of these minutes.

16-014C – The applicant and his employer appeared due to a family relationship and presented work papers from the applicant's public accounting experience. The applicant has 5,180 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-015C – The applicant and his employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 531 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-016C – The applicant and his employer appeared and presented work papers from the applicant's government accounting experience. The

applicant has 12,714 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

The following Section 69 reviews took place on April 27, 2016 and are made a part of these minutes.

16-017C – The applicant was unable to attend, however her employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 600 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-018C – The applicant was unable to attend the meeting, however his employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 627 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The employer has been removed from reappearance status. The work performed by the applicant was reviewed and was inadequate to support licensure.

Recommendation: Defer.

16-019C – The applicant was unable to attend, however his employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 922 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-020C – The applicant and her employer appeared and presented work papers from the applicant’s public accounting experience. The applicant has 1,715 hours of attest experience, with a 500-hour attest experience requirement.

The employer’s understanding of the CAE was inadequate and the CAE was inaccurately prepared. The employer has been placed on reappearance status. The work performed by the applicant was reviewed and was inadequate to support licensure.

Recommendation: Defer

16-021C – The applicant and her employer appeared and presented work papers from the applicant’s public accounting experience. The applicant has 1,291.9 hours of attest experience, with a 500-hour attest experience requirement.

The employer’s understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-022C – The applicant and her employer appeared and presented work papers from the applicant’s public accounting experience. The applicant has 1,800 hours of attest experience, with a 500-hour attest experience requirement.

The employer’s understanding of the CAE was inadequate and the CAE was inaccurately prepared. The employer has been placed on reappearance status.

The work performed by the applicant was reviewed and was adequate to support licensure. Hours were incorrectly allocated on the CAE and the employer will be providing the CBA with a revised CAE.

Recommendation: Approve pending submission of a revised CAE.

The following Section 69 reviews took place on July 20, 2016 and are made a part of these minutes.

16-023C – The applicant appeared and presented work papers from his out-of-state public accounting experience. The applicant has 5,740 hours of attest experience, with a 500-hour attest experience requirement.

The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

The following Section 69 reviews took place on July 27, 2016 during closed session.

16-024C – The applicant and his employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 541.81 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The employer has been removed from reappearance status. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-025C – The applicant and her employer appeared due to a relationship in the firm and presented work papers from the applicant's public accounting experience. The applicant has 516.25 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was inadequate to support licensure.

Recommendation: Defer.

16-026C – The applicant was unable to attend, however his employer appeared due to a relationship in the firm and presented work papers from the applicant's public accounting experience. The applicant has 1,757 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-027C – The applicant and his employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 513.9 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate and the CAE was accurately prepared. The work performed by the applicant was reviewed and was adequate to support licensure.

Recommendation: Approve.

16-028C – The applicant and her employer appeared and presented work papers from the applicant's public accounting experience. The applicant has 693 hours of attest experience, with a 500-hour attest experience requirement.

The employer's understanding of the CAE was adequate but the CAE was prepared with minor inaccuracies.

The work performed by the applicant was reviewed and was adequate to support licensure. Hours were incorrectly allocated on the CAE and the employer will be providing the CBA with a revised CAE.

Recommendation: Approve pending submission of a revised CAE.

16-029C – The applicant appeared and presented work papers from the applicant's foreign public accounting experience. The applicant has 950 hours of attest experience, with a 500-hour attest experience requirement.

The work performed by the applicant was reviewed and was inadequate to support licensure.

Recommendation: Defer.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 4:13 p.m. on July 27, 2016. The next meeting of the QC will be held on October 19, 2016 in Northern California.

Jenny Bolsky, CPA, Chair

Prepared by: Janet Zimmer, ILU Coordinator

**California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of September 30, 2016**

Initial Licensing Unit Statistics

Individual License Applications	FY 2014/15	FY 2015/16	FY 2016/17
CPA Licensure Applications Received by Type			
Type A	2,417	2,821	695
Type B	168	246	39
Type C	503	589	109
Type D	44	45	10
Type E	26	24	2
Total Received	3,158	3,725	860
Total Approved	2,682	3,470	601
Average Days to Process	24	24	26
Method of Licensure			
Pathway 1 – attest	182	115	6
Pathway 1 – general	272	336	16
Pathway 2 – with attest	320	224	6
Pathway 2 – without attest	921	618	2
New Requirements – attest	245	567	155
New Requirements – general	742	1,610	416

Firm License Applications	FY 2014/15	FY 2015/16	FY 2016/17
Corporation			
Total Received	272	270	37
Total Approved	208	228	35
Average Days to Process	16	15	21

California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of September 30, 2016

Firm License Applications (cont.)	FY 2014/15	FY 2015/16	FY 2016/17
Partnership			
Total Received	92	87	8
Total Approved	76	72	6
Average Days to Process	16	18	27
Fictitious Name Permit			
Total Received	120	157	21
Total Approved	87	132	21
Average Days to Process	16	13	24

Customer Service	FY 2014/15	FY 2015/16	FY 2016/17
Telephone Calls Received	22,993	25,772	2,058 ¹
Emails Received	14,160	17,947	4,985
Certifications			
Total Received	1,051	991	293
Total Processed	1,042	788	219
Average Days to Process	20	21	26

Initial Licensing Unit Highlights

- The Initial Licensing Unit (ILU) is currently recruiting to fill a Seasonal Clerk, two Program Technician IIs, and an Associate Governmental Program Analyst (Limited Term) position.
- On September 27, 2016, ILU staff attended an outreach engagement at the California Society of CPA's Sacramento Office to provide information and answer questions regarding CPA examination and licensure requirements.
- ILU staff continue working toward implementation of changes to the ethics study educational requirement for CPA licensure, which will take effect January 1, 2017.

¹ Due to technical difficulties with the CBA phone system, telephone call stats are as of July 31, 2016.