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

**MINUTES OF THE**  
**SEPTEMBER 26, 2013**  
**TASKFORCE TO EXAMINE EXPERIENCE FOR CPA LICENSURE**  
**(TASKFORCE) MEETING**

Sheraton Suites at Symphony Hall  
 701 A Street  
 San Diego, CA 92101  
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The meeting of the Taskforce was called to order at approximately 9:02 a.m. on September 26, 2013, by Chair, Manuel Ramirez.

Taskforce Members

Manuel Ramirez, Chair	9:02 a.m. to 11:48 a.m.
Sarah (Sally) Anderson	9:02 a.m. to 11:48 a.m.
Dan Dustin	9:02 a.m. to 11:48 a.m.
Ed Howard	9:02 a.m. to 11:48 a.m.
Laurence (Larry) Kaplan	9:02 a.m. to 11:48 a.m.
Kris Mapes	9:02 a.m. to 11:48 a.m.
Gary McBride	9:02 a.m. to 11:48 a.m.
Marshal Oldman	9:02 a.m. to 11:48 a.m.
Hal Schultz	9:02 a.m. to 11:48 a.m.

Staff and Legal Counsel

Rich Andres, Information Technology Staff  
 Patti Bowers, Executive Officer  
 Paul Fisher, Supervising Investigative CPA  
 Dominic Franzella, Chief, Licensing Division  
 Rafael Ixta, Chief, Enforcement Division  
 Kathryn Kay, Licensing Coordinator  
 Nicholas Ng, Manager, Administration  
 Kari O'Connor, Enforcement Analyst

Deanne Pearce, Assistant Executive Officer  
Corey Riordan, Board Relations Analyst  
Kristy Shellans, Legal Counsel  
Carl Sonne, Deputy Attorney General, Department of Justice  
Matthew Stanley, Regulation Analyst

#### CBA Members and Committee Chairs

Diana Bell, CBA Member  
Alicia Berhow, CBA Member  
Jose Campos, CBA Member  
Nancy Corrigan, Peer Review Oversight Committee  
Leslie LaManna, CBA President  
Kitak (K.T.) Leung, CBA Secretary/Treasurer  
Katrina Salazar, CBA Member

#### Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)  
Michael Morphew, Center for Public Interest Law  
Pilar Onate-Quintana, KP Public Affairs  
Joe Petito, The Accountants Coalition  
Jon Ross, KP Public Affairs

- I. Approval of the July 24, 2013 Taskforce Meeting Minutes.

**It was moved by Ms. Anderson, seconded by Mr. Schultz and unanimously carried by those present to adopt the minutes of the July 24, 2013 Taskforce meeting.**

- II. Discussion on the Taskforce to Examine Experience for CPA Licensure's Final Report to be Delivered to the California Board of Accountancy.

Mr. Franzella provided an overview of this item. Mr. Franzella highlighted that if the Taskforce would like to make its final recommendations and include a final report to the CBA at the November 21-22, 2013 CBA meeting, there is a possibility the Taskforce could hold a telephonic meeting in October to review and finalize the report.

- III. Presentation on How Information is Presently Displayed for Consumers on the CBA Website and Staff Proposed Changes.

Mr. Franzella provided an overview of staff proposed changes to presently displayed consumer information on the CBA website, specific to the difference between individuals licensed with attest and general accounting experience. Mr. Franzella stated the proposed changes would add clarity to the CBA License Lookup feature, *How to Select a CPA*, and the *Consumer Assistance Booklet*, and are in response to members' concerns

regarding what it means to be authorized versus qualified to perform attest services.

Mr. Schultz stated it may be more appropriate to use the term “may” instead of “can” regarding a CPA’s ability to perform attest services.

Mr. Howard expressed concern regarding the visibility of the attest and general accounting definitions under the proposed changes to the License Lookup feature. Mr. Howard added that the proposed changes require consumers to perform an additional step to access this information on the website. Mr. Howard further stated it would be helpful to have data regarding who is presently accessing this information and how long the information is accessed prior to making any finalizations.

Ms. Anderson suggested that staff add language to *How to Select a CPA* advising consumers to request a copy of the CPA’s peer review report during the selection process.

Ms. Mapes stated that a CPA’s authorization to perform attest services should be addressed in the interview process discussed in *How to Select a CPA*. Ms. Mapes added that it would be beneficial to provide additional detail regarding continuing education required for CPAs who provide attest services.

**It was moved by Ms. Anderson, seconded by Mr. Schultz and unanimously carried by those present to accept staff proposed changes with the additional Taskforce-requested text recommendations, and allow staff to work with legal counsel on any technical changes.**

The Taskforce requested staff to provide additional information regarding “web hits” on the CBA License Lookup feature, specific to the present placement of the attest and general accounting definitions.

IV. Discussion on Possible Recommendations by the Taskforce Regarding Acceptance of Academia as Qualifying Experience for CPA Licensure.

Ms. Kay provided an overview of this item and highlighted how other states that allow academia experience to qualify for CPA licensure generally calculate and verify this type of experience. Ms. Kay added if the Taskforce wishes to recommend to the CBA that academia experience qualify for licensure, the CBA will need to sponsor legislation to revise the Business and Professions Code (BPC) as well as pursue a rulemaking to amend CBA Regulations.

Mr. Ramirez recognized that many professors have undergone a substantial level of study and are very knowledgeable but questioned whether practical experience can be obtained from academia, which

focuses on theory. Mr. Ramirez inquired whether it is possible for a professor to teach 12 semester units in six months.

Mr. McBride responded that it would depend largely on the course load of the instructor and added that a full teaching load is typically equivalent to nine units per semester. Mr. McBride added that if academia experience qualified, professors would be encouraged to become active CPAs and as a result, students and the profession would be benefited by bridging the gap between theory and practice in the classroom. Mr. McBride highlighted the experience requirements in New York. Mr. McBride suggested the amount of academia experience required should be more than what is required for public accounting, private industry or government.

Mr. Ramirez concurred with Mr. McBride and suggested the amount of academia experience required could be a three to one ratio to experience obtained in other sectors.

Ms. Anderson stated that in her experience as a student, she found it beneficial to have professors who were also CPAs. Ms. Anderson added she is concerned about an individual's ability to obtain technical experience in academia.

Mr. Howard expressed that several issues need to be addressed in order to establish the acceptance of academia experience for licensure, namely, who can sign off on this type of experience, whether teaching experience should be available to academics at both two- and four-year institutions, and the institutions' accreditation.

Mr. Ramirez expressed concern regarding whether academia experience could qualify for licensure and suggested that academia only qualify as general accounting experience and not attest experience.

Mr. Schultz concurred that there are additional details that need to be addressed prior to making a recommendation to the CBA whether to allow academia to qualify for licensure and expressed support for the exploration of issues identified on this topic.

Mr. Dustin provided details regarding New York's academia experience requirements as an example of how some of the issues raised could be addressed. Mr. Dustin stated that New York acknowledged that a part-time faculty member could also be employed as a full-time CPA and that limiting qualifying courses to the upper division level prevents experience from being obtained at the community college level.

**It was moved by Mr. Ramirez, seconded by Ms. Anderson and unanimously carried by those present to recommend that the CBA explore the possibility of allowing academia to qualify for licensure. As part of its exploration, the Taskforce recommends that the amount**

**of academia exceed a one to one ratio to experience obtained in other sectors and that the CBA address the following:**

- **who can sign off on academia experience,**
- **whether teaching experience should be available to academics at both two- and four-year institutions; and**
- **institution accreditation**

V. Discussion on Possible Recommendations by the Taskforce Regarding Modification to the General Accounting Experience Requirement for CPA Licensure.

Ms. Kay provided an overview of some potential options the Taskforce may wish to consider. Ms. Kay stated that these options do not represent the limits of alternatives available to the Taskforce. Ms. Kay noted that options two and three would require the CBA to sponsor legislation to amend the BPC as well as pursue a rulemaking to amend CBA Regulations.

Mr. Oldman expressed concern regarding modifying the general accounting experience requirement to include a supervisor's opinion of the work performed by applicants. Mr. Oldman stated that he believes the Uniform CPA Examination already measures this aspect and therefore it would be unnecessary to place this burden on supervisors. Mr. Oldman added that this option may also affect the present definition of supervision.

Mr. Schultz stated that maintaining the status quo would not increase consumer harm and added that based on enforcement-related statistics, there is not compelling evidence to support a modification to the general accounting experience requirement.

**It was moved by Mr. Oldman, seconded by Mr. McBride and unanimously carried by those present to recommend that the CBA maintain the status quo for the general accounting experience requirement.**

VI. Discussion on Possible Recommendations by the Taskforce Regarding Modification to the Attest Experience Requirement for CPA Licensure.

Mr. Franzella provided an overview of some potential options the Taskforce may wish to consider. Mr. Franzella stated that these options do not represent the limits of alternatives available to the Taskforce. Mr. Franzella added that options two, three and four require the CBA to sponsor legislation to amend the BPC as well as pursue a rulemaking to amend CBA Regulations.

Mr. Howard provided an overview of a letter he submitted to the Taskforce on behalf of the Center for Public Interest Law. Mr. Howard highlighted that

if an individual is going to perform attest services for consumers, that individual should be licensed and have experience in attest. Mr. Howard highlighted that in 2006, the Qualifications Committee recommended to increase the minimum amount of attest experience hours from 500 to 1,000. Mr. Howard added the average number of attest hours at the time of initial licensure is 2,931, therefore increasing the minimum number of hours would not create a barrier to entry.

Mr. Howard also highlighted a summary of Dr. Oriel Strickland's 1999 study, performed for the CBA, which found that a majority of licensees were opposed to replacing the attest experience requirement and that 70% of licensees believed that the attest experience requirement is an assurance of entry-level competence, provides valuable discipline in terms of objectivity and independence, provides critical skills in areas other than attest, and provides a common basis of applying knowledge to a situation. Mr. Howard stated that from a consumer protection standpoint, reducing the attest experience requirement would not be beneficial. Mr. Howard further stated there is no compelling reason to eliminate the attest experience requirement.

Mr. Dustin questioned whether evidence exists to support that consumers may be harmed by the elimination of the attest experience requirement. Mr. Dustin added that enforcement-related statistics suggest that other states that have transitioned to the UAA model from the attest experience requirement have not put consumers at risk. Mr. Dustin added that available peer review statistics also support this. Mr. Dustin further stated that this discussion is really about minimum competency and that there are a host of post-licensure requirements that address attest work quality such as peer review and professional standards.

Mr. Oldman stated he would like to make the ability to obtain licensure less difficult if modifying the present attest experience requirement does not decrease consumer protection. He added that 47 states do not see the value of the attest experience requirement and specializations are available in order to get additional qualifications. Mr. Oldman suggested it may be beneficial for the CBA to pursue this approach and offer an attest specialization.

Ms. Anderson stated she supports eliminating the attest experience requirement. Ms. Anderson added that it would allow professionals to get experience in the area they wish to practice and would not increase consumer harm. She added she does not believe the 500 attest hours gave her the ability to perform an audit on her own.

Mr. Schultz pointed out that Dr. Strickland's survey may not be helpful because it is dated. He highlighted that the responses came from licensees that were required to obtain attest experience prior to licensure and this might implicate bias to maintain the attest experience

requirement. Mr. Schultz further stated he supports the elimination of the attest experience requirement.

Mr. Ramirez expressed concern regarding the elimination of the attest experience requirement because the assurance of consumer protection at initial licensure would also be eliminated.

Mr. Howard stated that post-licensure requirements do not address the need for practical experience prior to licensure. Mr. Howard added that the attest experience requirement enhances consumer protection at the time of initial licensure.

Mr. Ramirez suggested that the 500-hour requirement be adjusted and combined with some other form of experience to lower the barrier of entry to the profession.

Mr. Howard stated that it would be beneficial to conduct a survey on whether the options the Taskforce is considering would create barriers to entry.

Ms. Mapes stated the barrier to entry was eliminated with the option to be licensed with general accounting experience. She added that maintaining the present attest experience requirement does not harm consumers or increase a barrier to entry.

Mr. McBride stated that regarding consumer protection, the completion of 500 attest hours is misleading to consumers because a license obtained with attest experience does not mean the licensee is a qualified auditor. He added that consumers should rely on professionals not to perform work they are not competent to perform.

Ms. Anderson inquired whether mobility allows for an out-of-state licensee with general accounting experience to come to California and perform attest services.

Mr. Franzella responded that if an out-of-state licensee wants to provide attest services in California, s/he must meet the 500-hour requirement.

**It was moved by Mr. Oldman, seconded by Mr. Schultz and carried by those present to recommend that the CBA eliminate the attest experience requirement. Mr. Ramirez, Mr. Howard, Mr. Kaplan, and Ms. Mapes opposed.**

- VII. Enforcement-Related Statistics From Other States That Recently Eliminated the Attest Experience Requirement and Redistribution of the Bonnie Moor Case Decision and Results of Legal Cases Research **(Written Report Only).**

There were no comments on this item.

VIII. Agenda Items for Next Meeting.

None.

IX. Public Comments.\*

None.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at 11:48 a.m.