

**DEPARTMENT OF CONSUMER AFFAIRS**

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

**MINUTES OF THE
 July 23, 2014
 MOBILITY STAKEHOLDER GROUP MEETING**

California Board of Accountancy Office
 2000 Evergreen Street, Suite 250
 Sacramento, CA 95815
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CALL TO ORDER

Hal Schultz, Vice-Chair, called the meeting of the Mobility Stakeholder Group (MSG) to order at 1:40 p.m. Mr. Schultz requested that the role be called.

Members

Katrina Salazar, Chair	Present
Hal Schultz, Vice-Chair	Present
Jose Campos	Present
Ed Howard	Present
Rafael Ixta	Present
Joe Petito	Present
Stuart Waldman	Present

CBA Members Observing

Kay Ko
 Leslie LaManna
 Michael Savoy

CBA Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer
 Rich Andres, Information Technology Staff
 Dominic Franzella, Chief, Licensing Division
 Vincent Johnston, Enforcement Manager

Corey Riordan, Board Relations Analyst
Kristy Schieldge, Senior Staff Counsel, DCA Legal Affairs
Jenny Sheldon, Licensing Manager
Carl Sonne, Deputy Attorney General
Matthew Stanley, Legislation Analyst

Other Participants

Jason Fox, California Society of CPAs (CalCPA)
Kasey O'Connor, CalCPA
Pilar Onate-Quintana, KP Public Affairs
Jonathan Ross, KP Public Affairs

I. Approve Minutes of the March 20, 2014 Meeting

It was moved by Mr. Petito, seconded by Mr. Ixta, and carried unanimously to approve the minutes of the March 20, 2014 meeting. Ms. Salazar, Mr. Campos, and Mr. Howard were temporarily absent.

II. Overview of the MSG Decision Matrix – A Summary of Previous Decisions Made by the MSG

Mr. Stanley provided a copy of the MSG decision matrix. He stated that an updated copy of the decision matrix would be provided at every MSG meeting so that the MSG can track which decisions have already been made, and which decisions remain for discussion. He indicated that this information will be provided as a written report for future meetings.

III. Overview and Comparison of the Prior and Current California Practice Privilege Laws

Mr. Franzella provided a summary of the similarities and differences between the prior practice privilege law and current law. Some of the major differences between the laws include the no notice and no fee provisions, increased out-of-state firm registration requirements, reports to the Legislature, and increased involvement of the CBA website.

IV. Overview of the Consumer Protection Provisions of the California Practice Privilege Law and Proposed Timeline for Future Discussion

Mr. Stanley provided an overview of the consumer protection provisions of the mobility law. These provisions include qualifications, pre-notification, rules regarding cessation of practice, administrative suspensions, disciplinary actions, out-of-state accounting firm registrations, improvements to the CBA website, and the functions of the MSG.

The MSG will be reviewing these provisions in more detail over its next two meetings in order to fulfill its charge to consider whether the provisions of the mobility law are consistent with the CBA's duty to protect the public.

V. Overview of the Implementation of the Current California Practice Privilege Law

Ms. Sheldon provided the MSG with an overview of how the mobility law has been implemented. She stated that the implementation began almost as soon as the bill was introduced when staff formed an internal team to evaluate and develop an implementation plan for every portion of the law. As a result, the Practice Privilege database was modified, several new forms were created, a new registration for out-of-state firms was initiated, enforcement processes were modified, regulations created, and the practice privilege portion of the website was overhauled.

Mr. Johnston provided a walkthrough of the CBA website including the License Lookup for out-of-state licensees, Securities and Exchange Commission (SEC) and Public Company Accounting Oversight Board (PCAOB) discipline information, various disclaimers required by the law, where consumers can file a complaint, and links to CPAVerify and other state boards' of accountancy websites.

Referring to the SEC and PCAOB checks required by the law, Mr. Campos suggested that staff proactively check other governmental sources for similar information such as the Governmental Accountability Office and the Department of Labor.

Mr. Petito requested that the website usage statistics be made available to the MSG at its next meeting.

Mr. Howard inquired why some states, specifically New York, do not report discipline to CPAVerify. Ms. Bowers indicated that staff would find out and report back to the MSG.

VI. Overview of Practice Privilege/Mobility Provisions in Other States/Jurisdictions

Mr. Franzella provided the MSG with a summary of the mobility provisions of other state boards of accountancy. He stated that the information was gathered from the National Association of State Boards of Accountancy's (NASBA) Accountancy Licensing Library. For each state, he provided information on the status of mobility, substantial equivalency, whether there is a quid pro quo requirement, any disqualifying conditions, and out-of-state firm registration requirements.

VII. Overview and Discussion Regarding Survey of Other States' Practice Privilege/Mobility Provisions to Obtain Information Necessary for Reporting Under BPC 5096.21(d)

Mr. Stanley informed the MSG of a survey that was approved by the CBA at its May 2014 meeting. This survey will provide needed information for the CBA's preliminary report to the Legislature regarding California's mobility law and whether other states should be allowed to continue under the new program.

In addition, he also informed the MSG that some of the questions were developed as a direct result of requests the MSG made for information at its March 2014 meeting. He stated that the results of this survey would be provided in November.

The MSG discussed the content of the preliminary report to the Legislature. Ms. Schieldge indicated that the MSG should provide input and recommendations to the CBA for the report.

Mr. Savoy stated that the MSG may want to wait to hear the presentation at the upcoming Joint CBA/MSG meeting from Mr. Ken Bishop, President and CEO of NASBA, regarding the pending NASBA Enforcement Guidelines as that discussion may provide some clarification.

Mr. Howard indicated that the CBA must first assess the forthcoming NASBA Disciplinary Guidelines before determining whether it should be used as a standard for making the determinations required in the report. He stated that the CBA must verify that the various state boards that adopt the Disciplinary Guidelines are actually implementing them as well. He indicated that the report should indicate that such verification has occurred.

VIII. Discussion Regarding Stakeholder Objectives Pursuant to BPC 5096.21(e)

Mr. Stanley explained that one of the items the MSG is tasked with is considering whether the mobility law satisfies the objectives of stakeholders of the accounting profession, including consumers. He requested that the MSG identify these objectives. He stated that staff made the assumption that many of the objectives were written into the law and are, therefore, being met.

Mr. Campos stated that one objective was to help out-of-state licensees know and understand their self-reporting requirements.

Mr. Howard stated another objective as assuring the CBA that all states have adequate enforcement.

Mr. Campos requested that the stakeholder objectives be provided at future meetings in order that the MSG may continue to revise and add to them. He also suggested that there be a definition or listing of who the stakeholders are.

Ms. Bowers indicated that a definition exists for a different purpose, but could be brought forward at the next meeting for discussion.

IX. Discussion Regarding Proposed Agenda Items for Next Meeting

Mr. Stanley provided an overview of suggested agenda topics for the MSG's next meeting in November. They include the results of the survey of the other state boards of accountancy; an in-depth review of certain consumer protection provisions of the mobility law; a discussion of stakeholder objectives; and a review of the latest licensing, enforcement, and website usage statistics for mobility.

Mr. Howard requested that a discussion of Mr. Bishop's presentation at the joint meeting regarding the NASBA Enforcement standards be added to the list.

Ms. Bowers stated that staff would also bring back a discussion regarding states that do not provide full data to ALD as was previously requested. She stated that staff would endeavor to bring forward a full agenda and that some topics on the consumer protection provisions may be added or deferred as appropriate.

X. Public Comments

No Public Comments were received

XI. Agenda Items for Next Meeting

No agenda items were identified.

There being no further business, the meeting was adjourned at 3:42 p.m.