



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>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
January 22, 2015
CBA MEETING

Hilton Los Angeles Airport
 5711 West Century Boulevard
 Los Angeles, CA 90045
 Telephone: (310) 410-4000
 Fax: (310) 410-6250

Roll Call and Call to Order.

CBA President Jose Campos called the meeting to order at 11:37 a.m. on Thursday, January 22, 2015 at the Hilton Los Angeles Airport. The meeting convened into closed session at 2:13 p.m. President Campos adjourned the meeting at 3:05 p.m.

CBA Members

January 22, 2015

Jose Campos, President	11:37 a.m. to 3:05 p.m.
Katrina Salazar, Vice President	11:37 a.m. to 2:43 p.m.
Alicia Berhow, Secretary-Treasurer	11:37 a.m. to 2:43 p.m.
Sarah (Sally) Anderson	11:37 a.m. to 2:43 p.m.
Herschel Elkins	11:37 a.m. to 3:05 p.m.
Laurence (Larry) Kaplan	11:37 a.m. to 3:05 p.m.
Louise Kirkbride	Absent
Kay Ko	11:37 a.m. to 3:05 p.m.
Leslie LaManna	11:37 a.m. to 3:05 p.m.
Xochitl León	11:37 a.m. to 3:05 p.m.
Michael Savoy	11:37 a.m. to 3:05 p.m.
Mark Silverman	11:37 a.m. to 3:05 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
 Deanne Pearce, Assistant Executive Officer

Christy Abate, Administration Manager
Rich Andres, Information Technology Staff
Paul Fisher, Enforcement Supervising ICPA
Dominic Franzella, Chief, Enforcement Division
Kathryn Kay, Legislation Analyst
Corey Riordan, Board Relations Analyst
Gina Sanchez, Chief, Licensing Division
Kristy Schieldge, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Matthew Stanley, Examination and Practice Privilege Manager

Committee Chairs and Members

Jeffrey De Lyser, Chair, Enforcement Advisory Committee (EAC)
Robert Lee, Chair, Peer Review Oversight Committee (PROC)
Sherry McCoy, Vice-Chair, PROC
Joseph Rosenbaum, Vice-Chair, EAC
Robert Ruehl, Chair, Qualifications Committee

Other Participants

Jason Fox, California Society of Certified Public Accountants (CalCPA)
Pilar Oñate-Quintana, KP Public Affairs
Hal Schultz, CalCPA

- I. Report of the President.
 - A. Report on the CBA Leadership Roundtable.

Mr. Campos provided an overview of the Leadership Roundtable. He stated that CBA leadership discussed current priorities, planned meeting topics, and goals for 2015. Mr. Campos stated that some priorities and activities include providing an educational presentation regarding the probation process, an educational presentation from the National Association of State Boards of Accountancy (NASBA) regarding the Uniform Certified Public Accountant (CPA) Examination, creating a one-page document with quick reference information on the CBA for use by the CBA members, providing information to members regarding NASBA conferences, holding outreach events in conjunction with NASBA conferences, and annually providing information on the Bagley-Keene Open Meeting Act.

Mr. Campos also noted that the CBA's ongoing activities for 2015 will include the Sunset Review process, the work of the Mobility Stakeholder Group, the Study of California's Attest Experience Requirement, and the evaluation of the CBA's fees.

Mr. Campos thanked Ms. Salazar and Ms. Berhow for their attendance and contribution at the meeting. He also thanked CBA staff, including Ms. Schieldge and Mr. Sonne for their support.

B. Presentation and Discussion Regarding Requirements for Reporting Actions Taken at Board Meetings In Accordance With California Government Code Section 11123.

Ms. Pearce provided an overview of the agenda item. Ms. Pearce stated that on January 1, 2015 all state bodies must publicly report all actions and the votes of the action. She also noted that the minutes will document the votes, including abstentions and absences.

Ms. Anderson inquired if the roll call vote must be in alphabetical order.

Ms. Pearce stated that the roll call vote does not need to be in alphabetical order and can be called randomly.

Mr. Campos stated that the law states that each vote needs to be recorded, however the CBA can make changes to the process, if after practice, an alternative method is developed that complies with the law.

C. Resolution for Retiring CBA Members Diana Bell, Kitak Leung and Manuel Ramirez.

It was moved by Mr. Kaplan and seconded by Ms. Berhow to approve the resolutions for retired CBA members Diana Bell, Kitak Leung, and Manuel Ramirez.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: None.

The motion passed.

D. Report on the Committee Chair/Vice-Chair Training.

Mr. Campos provided an overview of the agenda item. Mr. Campos stated that he relayed his expectations for the role of the committee chairs and vice-chairs and Ms. Schieldge provided information on how to conduct a meeting in accordance with the Bagley-Keene Open Meeting

Act. Mr. Campos thanked all participants for attending and Ms. Schiedge and CBA staff for assisting in facilitating the meeting.

E. Announcement of New Committee and Liaison Appointments.

Ms. Campos stated that appointments to the committees and liaisons were previously announced and thanked the members for their participation.

F. Introduction of Newly Appointed CBA Member, Xochitl León.

Ms. León introduced herself to the CBA.

G. Introduction of Sarah Huchel, Consultant, California State Assembly Committee on Business and Professions.

Mr. Campos stated that there have been consultant reassignments and as a result, Ms. Huchel was not in attendance at the meeting.

H. 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 and seconded by Ms. Berhow to reappoint Robert Lee to the EAC for a two-year term, effective February 1, 2015.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. León.

The motion passed.

B. Recommendations for Appointment(s)/Reappointment(s) to the Qualifications Committee (QC).

It was moved by Ms. Berhow and seconded by Mr. Campos to

reappoint Robert Ruehl to the QC for a two-year term, effective February 1, 2015.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. León.

The motion passed.

It was moved by Ms. Berhow and seconded by Ms. Anderson to reappoint Jeremy Smith to the QC for a two-year term, effective February 1, 2015.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. León.

The motion passed.

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

It was moved by Ms. Anderson and seconded by Mr. Silverman to reappoint Sherry McCoy as PROC Vice-Chair effective until December 31, 2015.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. León.

The motion passed.

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

There was no report for this item.

IV. Report of the Executive Officer (EO).

A. Update on the Relocation of the CBA's Office.

Ms. Bowers stated that the relocation is still in process and a final lease has not been signed.

B. Update on Staffing.

Ms. Bowers stated that Mr. Franzella was promoted to the Enforcement Chief and Ms. Sanchez was selected as the new Licensing Chief. She also noted some of the recent staff selections include: Christy Abate, as the Administration Manager, Kathryn Kay, as the Legislation Analyst, and Pat Billingsley, as the Regulation Analyst.

Ms. Bowers also acknowledged the tenured staff and expressed her appreciation for the CBA staff.

Mr. Campos also acknowledged, on behalf of the CBA, all the hard work that the staff do and congratulated the new staff.

C. Review and Approval of Proposed Changes to the CBA Member Guidelines and Procedures Manual.

Ms. Pearce provided an overview of the agenda item. Ms. Pearce stated that the Guidelines and Procedures Manual is a reference guide for the CBA members and is updated annually. Ms. Pearce highlighted the more substantive revisions. She also stated that staff recommended adding the following two additional edits to the voting section, striking "in alphabetical order" from the roll call and including a sentence to state "Subsequent modification to these procedure may be needed, as deemed appropriate and in accordance with the Bagley-Keene Open Meeting Act."

Ms. LaManna stated an update is needed to the number of licensees, specifically that the CBA regulates 91,000 licensees.

Mr. Elkins suggested changing the travel section to clarify that members may request approval to use a less economical mode of transportation.

It was moved by Ms. LaManna and seconded by Ms. Berhow to

approve the revisions to the CBA Guidelines and Procedures Manual.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: Ms. León.

The motion passed.

- D. 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 Activity.

Mr. Franzella provided an overview of this item. Mr. Franzella stated that the Examination Unit was continuing to monitor the Uniform CPA Examination by conducting site visits of Prometric testing centers and having secret shoppers sit for the examination. Mr. Franzella stated that he attended an outreach event at the University of San Francisco in November and that staff would also be attending an event at California State University, Fullerton. Lastly, he noted that year-to-date the CBA has received 386 applications for retired status and 345 have been approved.

- VI. Report of the Enforcement Chief.

- A. Report on Enforcement Division Activity.

Mr. Franzella provided an overview of this item. Mr. Franzella noted that the case closure volume is higher than prior years, which is directly related to the Criminal Offender Record Information Unit activity. Mr. Franzella stated that the discipline referrals to the Attorney General's Office outpace the last fiscal year (FY) and five cases are pending over 24 months. Lastly, he stated that seven Investigative CPAs (ICPA) were hired in November and December 2014 and all of the ICPA positions have been filled.

- VII. Report of the Enforcement Advisory Committee, Qualifications Committee

and Peer Review Oversight Committee.

A. Enforcement Advisory Committee (EAC).

1. Report of the December 11, 2014 EAC Meeting.

Mr. De Lyser reported that the EAC reviewed 13 open cases and held four investigative hearings. He also noted that three additional investigative hearings were held since the last EAC report.

B. Qualifications Committee (QC).

1. Report of the January 21, 2015 QC Meeting.

Mr. Ruehl reported that seven personal appearances were conducted and recommended for approval by the QC. He also noted that prior to the QC meeting, an orientation was held for the newly appointed CBA Liaison, Ms. Ko.

C. Peer Review Oversight Committee (PROC).

1. Report of the December 10, 2014 PROC Meeting.

Mr. Lee reported on various oversight activities the PROC members participated in and stated that the activities resulted in positive observations of the peer review process. He stated that members also discussed the draft 2014 PROC Annual Report and the development of a checklist for the oversight of the National Association of State Board of Accountancy (NASBA) Compliance Assurance Committee Meetings.

VIII. Regulations.

A. Regulation Hearing Regarding Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Stanley read the following statement regarding the regulation hearing into the record:

“Good afternoon. This is a public hearing on proposed regulations of the California Board of Accountancy, Department of Consumer Affairs, to consider amending and adopting regulations to specify and clarify the Board’s requirements to allow experience in academia to qualify as general accounting experience for CPA licensure.

On behalf of the Board and its staff, I'd like to welcome you. My name is

Matthew Stanley and I serve as the Board's Examination and Practice Privilege Manager. I will preside over this hearing on behalf of the Board and the Department.

The California Board of Accountancy is contemplating this action pursuant to the authority vested by Sections 5010, 5092, and 5093 of the Business and Professions Code, authorizing the Board to amend, adopt, or repeal regulations for the administration and enforcement of the Chapter 1 of Division 3 of the Business and Professions Code.

For the record, the date today is January 22, 2015 and the time is approximately 1:33 p.m. Our hearing is being held at the Hilton Los Angeles Airport, 5711 West Century Boulevard, in Los Angeles California.

The notice for the hearing on these proposed regulations was published by the Office of Administrative Law. Interested parties on our mailing list have been notified of today's hearing. The language of the proposed regulations has been mailed to those who requested it and has been available on the board's Web site and upon request by other members of the public. Copies of the proposed regulations are available.

If the Board has received written comments on the proposal, those comments will be entered into the official record of the proceedings. The Board shall be provided and shall consider all written comments received up until 5:00 p.m., January 19, 2015.

Those persons interested in testifying today should identify themselves and the section or subsection of the proposed regulations that they wish to address. Individuals will be called to testify in the order determined by recognition from the hearing officer.

If you have a comment about the proposed regulation or any part or specific subsection of the proposal, please step up to the microphone and give your name, spelling your last name and tell us what organization you represent, if any. Speak loudly enough for your comments to be heard and recorded. Remember, it's not necessary to repeat the testimony of previous commentators. It is sufficient if you simply say that you agree with what a previous speaker has stated. Written testimony can be summarized but should not be read. When you are testifying, please identify the particular regulation proposal you are addressing. Please comment only on provisions of the article under discussion.

If you have a question about a proposed regulation, please re-phrase your question as a comment. For example, instead of asking what a particular subdivision means, you should state that the language is unclear and why. This will give the Board an opportunity to address your comments directly when the Board makes its final determination of its response to your

comments.

Please keep in mind that this is a public forum to receive comments on the proposed regulations from interested parties. It is not intended to be a forum for debate or defense of the regulations. After all witnesses have testified, the testimony phase of the hearing will be closed.”

No public comments were received.

Mr. Stanley adjourned the regulation hearing at 1:35 p.m.

B. Discussion and Possible Action to Adopt or Amend Title 16, California Code of Regulations (CCR) Sections 12 and 12.1 – Experience in Academia as Qualifying Experience for CPA Licensure.

Mr. Stanley stated that staff are proposing a change to section 12.1(c)(2), which would more clearly identify where academic courses must be taught to qualify for experience for CPA licensure. He stated staff also propose changes to the form used by applicants to verify experience in academia to further clarify required information. Additionally, staff proposed amending the language to incorporate a new subdivision (f) to proposed Regulations section 12.1 and would require applicants applying with experience in academia obtained five years prior to submitting an application to complete 80 hours of continuing education.

It was moved by Mr. Elkins and seconded by Mr. Savoy to direct staff to take all steps necessary to complete the rulemaking process, including sending out the modified text for an additional 15-day comment period. If after the 15-day comment period, no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as described in the modified text notice.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: None.

The motion passed.

IX. Committee Reports.

A. Committee on Professional Conduct (CPC).

1. Report of the January 22, 2015 CPC Meeting.
2. Discussion Regarding Study of California's Attest Experience Requirement.

Ms. LaManna reported that the CPC subcommittee members, Mr. Campos and Ms. Salazar, provided a presentation on the overview of the study of California's attest experience requirement, which included information on the background of the study, actions that have been taken to revise the study, and the involvement of stakeholders. Ms. LaManna stated that when the study is complete, the CBA will be able to use the results as a tool to help with future deliberations regarding what changes should be made, if any, to California's experience requirement for licensure. Ms. LaManna noted that it is anticipated that the majority of the survey responses will be provided online; however, the university professors will be polled via telephone and the other state boards of accountancy will be surveyed via Survey Monkey.

The CPC moved that the CBA amend and approve the final survey questions to include a statement on the introductory page of the survey to reference that participant identities will remain anonymous and direct staff to move forward with the attest study.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: None.

The motion passed.

3. Discussion Regarding the Timeline for Continuing the CBA's Study of California's Attest Experience Requirement.

Ms. LaManna reported the CPC reviewed two timelines for conducting the attest study. She stated that both timelines allow for time to conduct the study, prepare the report, consider and discuss the results, and if necessary, sponsor legislation. Ms. LaManna stated the CPC determined that Timeline #2 would allow additional time for

individuals to participate in the survey, which would hopefully result in a higher volume of responses.

The CPC moved that the CBA approve Timeline #2 for the attest study.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: None.

Absent: None.

The motion passed.

4. Discussion Regarding the Outreach Activities Associated with Obtaining Participation in the CBA's Study of California's Attest Experience Requirement.

Ms. LaManna reported that the CPC reviewed the outreach plan and the tools that will be used to market the survey. She noted that marketing will include letters and mailers, CBA website, social media, UPDATE articles, E-News, press releases, and by partnering with NASBA. Lastly, she noted that staff plans to target the consumer group by partnering with public and private agencies, such as the Better Business Bureau, Chamber of Commerce, State Controller's Office, and the Business, Consumer Services, and Housing Agency.

B. Legislative Committee (LC).

1. Report of the January 22, 2015 LC Meeting.
2. Overview of the Legislative and Regulatory Process and the Legislative Committee's Role (Written Report Only).

Mr. Silverman reported that the LC reviewed the legislative and regulatory process and the LC's role.

3. Overview of Established Legislative Best Practices Including How to Best Handle Legislation That Arises Between CBA Meetings.

Mr. Silverman reported that the LC reviewed the established legislative best practices.

4. Legislative Proposals for Inclusion in the 2015 Annual Omnibus Bill.

The LC moved that the CBA adopt the proposal submitted for inclusion in the annual omnibus bill.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. León, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None:

Abstain: None.

Absent: None.

The motion passed.

X. Acceptance of Minutes.

A. Draft Minutes of the November 20-21, 2014, 2014 CBA Meeting.

B. Minutes of the November 20, 2014 CPC Meeting.

C. Minutes of the November 20, 2014 LC Meeting.

D. Minutes of the October 23, 2014 EAC Meeting.

E. Minutes of the July 30, 2014 QC Meeting.

It was moved by Mr. Savoy and seconded by Mr. Kaplan to approve agenda items X.A. – X.E.

Yes: Ms. Anderson, Ms. Berhow, Mr. Campos, Mr. Elkins, Mr. Kaplan, Ms. Ko, Ms. LaManna, Ms. Salazar, Mr. Savoy, and Mr. Silverman.

No: None.

Abstain: Ms. León.

Absent: None.

The motion passed.

XI. 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. Report on Strategic Planning Task Force.

Mr. Savoy stated that he participated in a teleconference meeting on January 10, 2015 to discuss the logistics, including how and when the committee will meet. He stated it was determined that the meeting will be an in-person meeting at the beginning of June.

2. Proposed Responses to NASBA Focus Questions.

Ms. Riordan stated that the NASBA Focus Questions responses were provided to NASBA.

XII. Closing Business.

A. Public Comments.*

There were no comments.

B. Agenda Items for Future CBA Meetings.

There were no suggested agenda items for future CBA meetings.

C. Press Release Focus.

Ms. Pearce stated the topic of consideration was the approval of the attest study survey.

XIII. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Convened Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, and Proposed Decisions).

President Campos adjourned the meeting at 3:05 p.m. on Thursday, January 22, 2015.

Jose A. Campos, CPA, President

Alicia Berhow, 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