

**State of California
Office of Administrative Law**

In re:
Department of Consumer Affairs

Regulatory Action:

Title 16, California Code of Regulations

Adopt sections:

Amend sections: 41, 50.1

Repeal sections:

NOTICE OF APPROVAL OF REGULATORY
ACTION

Government Code Section 11349.3

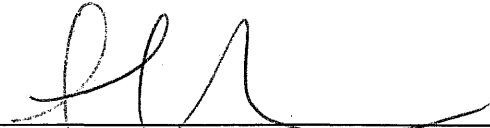
OAL Matter Number: 2025-0506-02

OAL Matter Type: Regular (S)

Through this regulatory action, the California Board of Accountancy amends title 16, of the California Code of Regulations, sections 41 and 50.1, to add additional requirements for licensed accountants to follow in circumstances where an accounting firm is providing attest services when the ownership of that firm is comprised solely of licensees who have not completed the attest experience requirement, and therefore, none of the owners are authorized to sign reports on attest engagements.

OAL approves this regulatory action pursuant to section 11349.3 of the Government Code. This regulatory action becomes effective on 10/1/2025.

Date: June 18, 2025



Allegra Volonte Anvari
Attorney

For: Kenneth J. Pogue
Director

Original: Kimberly Kirchmeyer, Director
Copy: Diana Godines

NOTICE PUBLICATION/REGULATIONS SUBMISSION

REGULAR

For use by Secretary of State only

STD. 400 (REV. 10/2019)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2024-1119-08	REGULATORY ACTION NUMBER 2025-0506-025	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

JUN 18 2025
3:17PM *AWB*

OFFICE OF ADMINISTRATIVE LAW		OFFICE OF ADMIN. LAW 2025 MAY 6 PM4:17	
Electronic Submission			
RECEIVED DATE 11/19/2024	PUBLICATION DATE 01/10/2025		
NOTICE		REGULATIONS	

AGENCY WITH RULEMAKING AUTHORITY Department of Consumer Affairs - California Board of Accountancy	AGENCY FILE NUMBER (if any)
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A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Firm Responsibilities & Attest Client Notification	TITLE(S) 16	FIRST SECTION AFFECTED 41	2. REQUESTED PUBLICATION DATE January 10, 2025
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON Diana Godines	TELEPHONE NUMBER (279) 226-4599	FAX NUMBER (Optional)
OAL USE ONLY ACTION ON PROPOSED NOTICE <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	NOTICE REGISTER NUMBER 2025,02-2	PUBLICATION DATE 1/10/25	

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Firm Responsibilities & Attest Engagement Notification	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.) 16	ADOPT AMEND 41, 50.1 REPEAL

3. TYPE OF FILING			
<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Other (Specify) _____		

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> \$100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY		
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal
<input checked="" type="checkbox"/> Other (Specify) <u>Kimberly Kirchmeyer, Director, Department of Consumer Affairs</u>		

7. CONTACT PERSON Diana Godines	TELEPHONE NUMBER (279) 226-4599	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional) Regulations@cba.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Dominic Franzella</i>	DATE 04/28/2025
TYPED NAME AND TITLE OF SIGNATORY Dominic Franzella, Executive Officer	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

JUN 18 2025

Office of Administrative Law

DEPARTMENT OF CONSUMER AFFAIRS
TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS
DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY

ORDER OF ADOPTION

Legend: Added text is indicated with an <u>underline</u> . Deleted text is indicated by strikeout .
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Amend Section 41 of Article 6 of Title 16, California Code of Regulations and Section 50.1 of Article 9 of Title 16, California Code of Regulations to read as follows:

§ 41. Firm Responsibilities.

(a) A firm shall enroll with a Board-recognized peer review program provider, and shall cooperate with the Board-recognized peer review program provider with which the firm is enrolled to arrange, schedule, and complete a peer review, in addition to taking and completing any remedial or corrective actions prescribed by the Board-recognized peer review program provider.

(b) For a firm that issued reports on attest engagements as defined by Article 1, Section 2.4, and where the ownership of the firm is comprised solely of licensees who are not authorized to sign reports on attest engagements pursuant to Business and Professions Code section 5095, prior to the commencement of the peer review, the firm shall provide written notice to the Peer Reviewer or Peer Review Team that the firm has no owner authorized to sign reports on attest engagements.

Note: Authority cited: Sections 5010 and 5076, Business and Professions Code.

Reference: Sections 5076 and 5095, Business and Professions Code.

§ 50.1. Attest Client Notification Regarding Composition of Firm Ownership.

Any licensee employed by a firm in which no licensee owners are authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095 must, prior to engaging in attest services, provide written notification to any attest client or prospective attest client of the ownership composition of the firm. ~~The N~~notice shall include ~~be provided by any of the following methods:~~

(a) ~~Providing a statement to the attest client or prospective attest client to be signed and dated by the client and retained in the client's records, which states the client or prospective client understands that no firm owners are authorized to sign reports on attest engagements and the name and license number of the licensee the firm has authorized and designated to sign the report on attest engagement on behalf of the firm.~~

(b) ~~Posting a written notice on the firm's Internet Web site, disclosing all owner's names and whether each is authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095.~~

Note: Authority cited: Sections 5010, 5018 and 5095, Business and Professions Code.

Reference: Sections 138, 5018 and 5095, Business and Professions Code.