



California Board of Accountancy
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**DEPARTMENT OF CONSUMER AFFAIRS (DCA)
 CALIFORNIA BOARD OF ACCOUNTANCY (CBA)**

**MINUTES OF THE
 November 16, 2017
 CBA MEETING**

**California Board of Accountancy
 2450 Venture Oaks Way, Suite 420
 Sacramento, CA 95833
 Telephone: (916) 263-3680**

Roll Call and Call to Order.

California Board of Accountancy (CBA) President Alicia Berhow called the meeting to order at 10:01 a.m. on Thursday, November 16, 2017 at the California Board of Accountancy. The CBA recessed at 12:36 p.m. for a lunch break until 2:00 p.m. The CBA convened into closed session at 2:00 p.m. until 4:10 p.m. The meeting reconvened into open session at 4:11 p.m. President Berhow adjourned the meeting at 4:11 p.m.

CBA Members

Alicia Berhow, President
 Michael M. Savoy, CPA, Vice-President
 Mark Silverman, Esq. Secretary/Treasurer
 Jose A. Campos, CPA
 George Famalett, CPA
 Karriann Farrell Hinds, Esq.
 Dan Jacobson, Esq.
 Xochitl León
 Luz Molina Lopez
 Carola Nicholson, CPA
 Jian Ou-Yang, CPA
 Sunny Youngsun Park, Esq.
 Deidre Robinson
 Katrina L. Salazar, CPA
 Kathleen Wright, CPA

November 16, 2017

10:01 a.m. to 4:11 p.m.
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 10:01 a.m. to 4:11 p.m.
 10:01 a.m. to 4:11 p.m.
 10:06 a.m. to 4:11 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Deanne Pearce, Assistant Executive Officer
Christopher Castrillo, DCA, Deputy Director, Office of Board and Bureau Services
Rich Andres, Information Technology (IT) Staff
Elina Asrian, Enforcement Analyst
Aaron Bone, Information and Planning Officer
Ileana Butu, Legal Counsel, DCA
Angela Contreras, Executive Assistant
Liz Contreras, Disciplinary Technician
Manny Estacio, IT Staff
Dominic Franzella, Chief, Enforcement Division
Paul Fisher, CPA, Enforcement Manager
Cindi Fuller, Licensing Manager
Suzanne Gracia, Licensing Manager
Ashley Heebner, Enforcement Manager
Shelly Jones, DCA, Board and Bureau Relations Manager
Nooshin Movassaghi, Legislative Analyst
Allison O'Connor, Enforcement Analyst
Rebecca Reed, Board Relations Analyst
Corey Riordan, Enforcement Manager
Siek Run, Enforcement Analyst
Gina Sanchez, Chief, Licensing Division
Ben Simcox, CPA, Deputy Chief, Enforcement Division
Carl Sonne, Deputy Attorney General, Department of Justice (DOJ)
Ryan Wheeler, Enforcement Analyst

Committee Chairs and Members

Joseph Rosenbaum, CPA, Chair, Enforcement Advisory Committee (EAC)
David Evans, CPA, Chair, Qualifications Committee (QC)

Other Participants

Dean Andal, The Accountants Coalition
Jason Fox, California Society of CPAs (CalCPA)
JoAnn Henkel
Roger S. Kent, National Society of Accountants (NSA)
Morris Miyabara, NSA
Larry O'Connor
Monica O'Connor
Pilar Oñate-Quintana, The Oñate Group

I. Report of the President.

A. Introduction of Newly Appointed California Board of Accountancy Members.

1. Dan Jacobson, Esq.

President Berhow welcomed Mr. Jacobson to the CBA.

2. Luz Molina Lopez.

President Berhow welcomed Ms. Molina Lopez to the CBA.

3. Carola A. Nicholson, CPA.

President Berhow welcomed Ms. Nicholson to the CBA.

B. 2018 California Board of Accountancy Member Committee Interest Survey.

President Berhow provided an overview of the Committee Interest Form, which is used to appoint members to committees that assist the CBA with its mission of consumer protection. President Berhow stated that the committee interest surveys should be completed, as the surveys will be used by the next CBA President to appoint members to the Committee on Professional Conduct (CPC), Enforcement Program Oversight Committee (EPOC), Legislative Committee (LC), Strategic Planning Committee (SPC), and the CBA liaisons for the Enforcement Advisory Committee (EAC), Peer Review Oversight Committee (PROC), and Qualifications Committee (QC).

C. Report on the National Association of State Boards of Accountancy Annual Meeting held on October 29 through November 1, 2017.

President Berhow reported that she attended the National Association of State Boards of Accountancy (NASBA) Annual Meeting, held in New York City, New York. She stated that some of the presentations included speakers from the Public Company Accounting Oversight Board, International Ethics Standards Board for Accountants, multi-national CPA firms, and the American Institute of Certified Public Accountants. She stated that some of the topics that were discussed included rethinking peer review administration, continuing professional education (CPE) advances, and the latest Uniform Accountancy Act and Model Rules.

Ms. Wright inquired if there was any discussion regarding the legalization of cannabis and any model rules that might provide direction to boards regarding cannabis.

President Berhow stated that the legalization of cannabis was brought up the last day of the meeting, but there was very little discussion regarding the matter.

D. National Association of State Boards of Accountancy Committee Appointments.

President Berhow reported that the following CBA members were appointed to a NASBA committee:

- Katrina L. Salazar, CPA – Enforcement Resources Committee
- Katrina L. Salazar, CPA – Strategic Planning Task Force
- Kathleen K. Wright, CPA – Continuing Professional Education Committee

E. Announcement of California Board of Accountancy Leadership Award of Excellence.

President Berhow announced that the recipients of the CBA Leadership Award of Excellence are Allison O'Connor, Enforcement Analyst, and Siek Run, Enforcement Analyst.

F. Discussion and Possible Action Regarding a Proposed Change to the California Board of Accountancy's September 2018 Meeting Dates.

Ms. Reed provided members with a proposed change to the September 2018 CBA meeting Calendar, changing the date of the September 13-14, 2018 CBA meeting to September 20-21, 2018. She stated that the proposed change is due to the fact that the September 13-14, 2018 CBA meeting coincides with the final deadline to file tax returns for partnerships and S Corporations with extensions.

Ms. Salazar requested that the September 20-21, 2018 CBA meeting start at a later time to allow members that observe Yom Kippur to travel the morning of the CBA meeting.

It was moved by Mr. Silverman and seconded by Ms. Robinson to change the September 13-14, 2018 CBA meeting date to September 20-21, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

G. Discussion and Possible Action Regarding the California Board of Accountancy's Report to the Legislature and Director of the Department of Consumer Affairs Pursuant to Business and Professions Code Section 5096.21(f).

Mr. Franzella stated that the purpose of this item is for the CBA to approve the report to the Legislature and the Director of DCA regarding the no notice, no fee practice privilege provisions (mobility). He stated that the report represents the

culmination of a multi-year effort to effectively implement the mobility provisions and assess the impact on consumers and licensees. Mr. Franzella indicated that staff also prepared a letter addressed to the required parties, which will be inserted directly after the cover page of the report. He stated that staff anticipate issuing the report to the Legislature in early to middle December.

It was moved by Ms. Salazar and seconded by Ms. Robinson to approve the report to the Legislature and Department of Consumer Affairs Director on the practice privilege or mobility provisions and delegated final review and approval of the report to the CBA President.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

- H. Developments Since the February 2015 United States Supreme Court Decision: North Carolina State Board of Dental Examiners v. Federal Trade Commission.

Ms. Butu stated that the Economic Liberty Taskforce will be holding another roundtable discussion and that it is seeking public comment from interested parties on topics relating to the empirical evidence on the effects of occupational licensure.

- I. Department of Consumer Affairs Director's Report on Departmental Activities.

Christopher Castrillo, Deputy Director, Board and Bureau Services, announced that there have been a number of staffing changes at the DCA Executive Office, which included Christopher Shultz, Chief Deputy Director of DCA, Natalie Daniel, Deputy Director of Administration of DCA, Karen Nelson, Assistant Deputy Director of Board and Bureau Services, and Patrick Le, Assistant Deputy Director of Board and Bureau Services.

Mr. Castrillo stated that 2017 is a required sexual harassment prevention training and ethics training year.

Mr. Castrillo stated that DCA conducted a pro rata open house. He stated that pro rata is the process by which DCA distributes costs among its boards and bureaus. He stated DCA will be conducting an annual meeting with board presidents, however, the date has not been scheduled.

II. Report of the Vice-President.

A. Recommendations for Appointment(s)/Reappointment(s) to the Enforcement Advisory Committee.

It was moved by Mr. Savoy and seconded by Mr. Silverman to reappoint Nancy Corrigan, CPA, as Vice-Chairperson to the EAC effective January 1, 2018 through December 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

It was moved by Mr. Savoy and seconded by Mr. Jacobson to reappoint Joseph Rosenbaum, CPA, as Chairperson to the EAC effective January 1, 2018 through December 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

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

It was moved by Mr. Savoy and seconded by Ms. Salazar to reappoint Joanna Bolsky, CPA, to the QC effective December 1, 2017 through November 30, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

It was moved by Mr. Savoy and seconded by Mr. Famalett to reappoint Kimberly Sugiyama, CPA, as Vice-Chairperson to the QC effective January 1, 2018 through December 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

It was moved by Mr. Savoy and seconded by Ms. Robinson to reappoint David Evans, CPA, as Chairperson to the QC effective January 1, 2018 through December 31, 2018.

Yes: Mr. Campos, Mr. Famalett, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

Recuse: Ms. Berhow and Ms. Hinds.

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

It was moved by Mr. Savoy and seconded by Mr. Silverman to appoint Fiona (Liang) Tam, CPA to the PROC effective November 16, 2017 through November 30, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

It was moved by Mr. Savoy and seconded by Ms. Robinson to reappoint Renée Graves, CPA to the PROC effective December 1, 2017 through November 30, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

It was moved by Mr. Savoy and seconded by Ms. Nicholson to reappoint Jeffrey De Lyser, CPA as Chairperson to the PROC effective January 1, 2018 through December 31, 2018.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

III. Report of the Secretary/Treasurer.

A. Review of the California Board of Accountancy Fund Condition and Consideration of Possible Fee Changes.

Ms. Pearce stated that the purpose of this item is to provide the CBA with the fund condition and to consider a possible license renewal fee increase to \$250. She stated that the fee increase will provide the necessary resources for the CBA to ensure enforcement responsibilities are met, to transition from its current database, and ensure sufficient reserves exist for budget augmentations.

Ms. Pearce stated that the CBA had several fee changes in the mid-90s and 2000 due to a provision in the CBA's law that required the CBA to maintain its Accountancy Fund at a nine-month reserve level. She stated that the mandated month in reserve (MIR) level required ongoing and frequent fee changes to ensure compliance with the statute.

Ms. Pearce stated that during the CBA's Sunset Review in 2015, the Legislature expressed concerns regarding whether the CBA would have sufficient funding to investigate and prosecute a case against a large accountancy firm. Further, the Legislature indicated that to ensure sufficient resources are available for possible enforcement needs, it supports the CBA maintaining the Accountancy Fund at 24 MIR. Ms. Pearce clarified that this level is specific to the CBA, and may not be consistent with what other boards have been directed to maintain.

Ms. Pearce stated that because enforcement funding was a significant concern with the Legislature during the 2015 Sunset Review process as the CBA undergoes Sunset Review in 2019, it must be prepared for similar questions regarding whether it has sufficient resources available to handle large enforcement matters. She stated that should the CBA consider a fee increase to \$250, this will eliminate the imbalance of revenues and expenditures that presently exists, provide resources for transition from its current database, and ultimately reach at or near 24 MIR by FY 2022-23. She stated that as the initial license fee for CPAs and firms are tied to the renewal fee, those fees would increase to \$250 as well. She stated that any other increase in fees would not have the intended result, this includes examination fees, application fees, and changes to cost recovery.

Ms. Wright expressed concern about the amount of the proposed fee increase, as it would almost double the renewal fee. Ms. Wright also stated that normally when revenue fees are increased, the first thing that is done is an expense analysis. She stated that she did not see an analysis included with this report.

In response to Ms. Wright's concern, Ms. Pearce indicated that staff conducts a thorough analysis of the functions that are conducted throughout the CBA, which she could provide to the CBA.

Ms. Wright inquired if the CBA collected the entire cost recovery amount from enforcement actions, would that have an impact on the fee increase.

Mr. Franzella stated that the CBA is budgeted a specific amount for all staff in the enforcement division and that cost recovery is not necessarily focused on recovering all of the salaries and wages for the enforcement staff. He stated that the license renewal fees bear the cost of staffing.

Ms. Molina Lopez inquired on what the highest amount the renewal fee has been in the past.

Ms. Pearce stated that the highest amount the renewal fee has been is \$200 and that fee amount was in place for 23 years. She stated that \$200 was the fee prior to 1995. Between 1995 and 2000 there were a few reductions in the fee. She stated that renewal fees have been as low \$50.

Mr. Savoy inquired if staff know what the renewal fees are for Texas and New York.

Ms. Pearce stated that Texas is on a three year renewal cycle and the renewal fee for Texas is \$66 annually. She stated that she can include the renewal fees for New York at the January CBA meeting.

It was moved by Mr. Campos and seconded by Ms. Hinds to direct staff to provide proposed regulatory language at the January 2018 CBA meeting that reflect a license renewal fee increase to \$250 to ensure sufficient resources to fund unanticipated enforcement or litigation matters and enable the CBA to transition to a new database system.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: None.

IV. Report of the Executive Officer.

A. Update on Staffing.

Ms. Bowers stated that Cindi Fuller, Manager in the Renewal Unit will be retiring at the end of the year, Suzanne Gracia has been promoted to Licensing Manager, and Angela Contreras has been transferred from the Administrative Unit to the Executive Unit as Ms. Pearce's assistant.

B. Update on the California Board of Accountancy's Communications and Outreach.

Mr. Bone stated that nearly 70 students participated in the two outreach events that were held at California State University, Fullerton, in conjunction with the September CBA meeting.

Mr. Bone noted that on October 21, President Berhow was the Keynote Speaker at the 31st Anniversary Dinner and Officer Installation for the Philippine American Society of CPAs (Los Angeles Chapter). He stated that on October 24, President Berhow spoke at Golden Gate University on the topic of "Professional Ethics and the Consumer Impact" as part of the Braden Leadership Speaker Series. Approximately 45 students, university officials, and members of the public attended her presentation.

Mr. Bone stated that on November 16, 2017, CBA staff participated at the CalCPA Sacramento Chapter Student Outreach Luncheon at California State University, Sacramento.

V. Report on the Enforcement Advisory Committee, Qualifications Committee, and Peer Review Oversight Committee.

A. Enforcement Advisory Committee.

1. Report of the October 19, 2017, Enforcement Advisory Committee Meeting.

Mr. Rosenbaum reported that members reviewed and provided guidance on 15 open cases and reviewed 16 closed cases and conducted five investigative hearings. He stated that the next meeting will be held on February 1, 2018 in Sacramento.

B. Qualifications Committee.

1. Report of the July 26, 2017 and October 25, 2017, Qualifications Committee Meetings.

Mr. Evans reported that a total of 20 Section 69 reviews were conducted and there was one personal appearance. He stated that of these, 17 were approved and four were deferred.

2. Approval of the 2018 Qualifications Committee Meeting Dates.

It was moved by Mr. Campos and seconded by Ms. Nicholson to approve the 2018 Qualifications Committee meetings dates.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, and Ms. Wright.

No: None.

Abstain: None.

Absent: Ms. León and Mr. Silverman.

C. Peer Review Oversight Committee.

There was no report on this agenda item.

VI. Report of the Enforcement Chief.

A. Enforcement Activity Report.

Mr. Franzella provided an overview of this item.

Ms. Berhow inquired if there has been an increase in external complaints.

Mr. Franzella stated that there has been an increase and noted that the majority of the increase had to do with cases being historically coded as internal now be re-coded as external.

VII. Report of the Licensing Chief.

A. Licensing Activity Report.

Ms. Sanchez provided an overview of this item.

Mr. Campos inquired on the amount of pending applications for initial licensure and if there is any issues with backlog. He requested that staff include this information in future reports.

Ms. Sanchez stated that a lot of the aging on the licensing and examination side are related to applications that have been deemed deficient and the CBA is awaiting a response from the applicant. After one year, if the applicant has not corrected the deficiencies, the application will be abandoned.

Ms. Wright inquired why California is below the national average on the Uniform CPA Examination (CPA Exam) pass rate.

Ms. Sanchez stated that staff has not reached out to schools in the past to determine the reason, but staff will research the reason.

Ms. Bowers stated that staff will reach out to NASBA to determine what research NASBA has done on a national level regarding CPA Exam pass rates.

VIII. Report on the Legislative Committee and the Committee on Professional Conduct.

A. Legislative Committee.

1. Report of the November 16, 2017, Legislative Committee Meeting.
2. Discussion and Possible Action on Proposed Legislation to Amend Business and Professions Code Section 5100 to Further Define that for Purposes of Subsections (d), (h), and (l) that Certified Copies of Records of the Disciplinary or Other Actions Taken Against a Licensee Shall be Conclusive Evidence of the Events Related Therein for Purposes of Determining Discipline.

Ms. Hinds stated that at the September 2017 meeting, the CBA stated its position regarding Business and Professions Code section 141. Specifically the CBA affirmed that for disciplinary or other actions taken by other agencies, certified copies of records shall be considered conclusive evidence. She stated that staff worked with DCA Legal Counsel and the Attorney General's office to prepare a legislative proposal to clearly articulate the CBA's position. By doing so, the licensees would not be allowed to impeach or challenge the findings of a prior, final agency decisions.

The LC discussed the difference between a certified copy and a true and correct copy and was informed by staff and the Deputy Attorney General that the importance for allowing both is to avoid a delay in proceedings for obtaining a certified copy. Concerns were raised about the language implying they are the same and emphasized that a certified copy has more power. She stated that the proposed language allows for any future changes to agencies' policies in posting decisions on their websites, in lieu of providing certified copies.

Mr. Jacobson stated that there is a difference between a certified copy and a true and correct copy. He stated that anybody can affirm that something is a true and correct copy, but only a government can create a certified copy. He stated that there should be more weight put on a certified copy than on a true and correct copy.

The LC recommended that the CBA approve the proposed language to amend Business and Professions Code section 5100, and directed staff to seek inclusion in a 2018 omnibus bill, or if necessary, seek an author to carry a legislative bill.

Yes: Ms. Berhow, Mr. Campos, Mr. Famalett, Ms. Hinds, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: Mr. Jacobson.

Abstain: None.

Absent: None.

3. Discussion and Possible Action on Proposed Legislative Language to Amend Business and Professions Code Sections 5095(c) – Providing Attest Services and 5130 – Application Fee.

Ms. Hinds stated that the purpose of this item is to provide the CBA with information regarding proposed language for inclusion in the Senate

Committee on Business, Professions and Economic Development, or Senate B&P, annual omnibus bill.

Ms. Hinds stated that each year the Senate B&P Committee provides an opportunity for DCA boards to submit non-substantive and non-controversial proposals for consideration in an omnibus bill. She stated that during a routine review of the Business and Professions Code, staff identified two sections the CBA may wish to consider making a non-substantive change that would assist in clarifying and updating current law. The first is Business and Professions Code section 5095, which establishes the attest experience requirement for CPA licensure applicants who wish to be licensed with the authority to sign reports on attest engagements. She stated that section 5095, subdivision (c), contains language that is no longer relevant. Specifically, it states, "An individual who qualified for licensure by meeting the requirements of Section 5083 shall be deemed to have satisfied the requirements of this section." Section 5083 was removed from the Accountancy Act as it pertained to experience requirements for CPA licensure that existed prior to January 1, 2010.

She stated that the second, Business and Profession Code section 5130, requires the CBA to collect a fee from CPA applicants and states, "The board shall charge and collect a fee from each applicant for the certificate of certified public accountant. The fee shall accompany the application which must be made on a blank provided by the board." She stated that in order to add clarity and uniformity staff is requesting to amend the word "blank" to "form."

The LC Recommended that the CBA adopt the changes to Business and Professions Code section 5095(c), which contains language that is no longer relevant, and 5130, in order to change the word "blank" to "form", and direct staff to seek their inclusion in a 2018 omnibus bill, or if necessary, seek an author to carry a separate bill.

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Campos and Ms. Nicholson.

B. Committee on Professional Conduct.

1. Report of the November 16, 2017, Committee on Professional Conduct Meeting.

2. Discussion Regarding Whether to Allow Continuing Education Credit for Licensees Serving on the California Board of Accountancy or its Advisory Committees.

Mr. Famalett stated that the purpose of this agenda item was to provide the CBA the opportunity to discuss allowing continuing education, or CE, credit for licensees serving on the CBA or its advisory committees.

Mr. Famalett stated that at the September 2017 CBA meeting, a CBA member requested this topic be presented for discussion. The CBA determined that the prevailing consideration in determining whether CE is acceptable is that it must be a formal program of learning that contributes directly to the professional competence of a licensee in public practice. He stated that staff outlined the relevant CBA Regulations sections to provide members with a context for considering granting CE credit. Furthermore, staff provided an overview of the research of 15 other Department of Consumer Affairs boards and did not find any regulations allowing CE credit for their board or committee members.

Mr. Savoy stated that the reason he brought this topic up as an agenda item was because at an advisory level, this could be an incentive to get CPAs to apply for the various advisory committees. He stated that it is difficult to get CPAs to volunteer to serve on these committees, especially when there is no incentive to serve on a committee, which can be very time consuming. He stated that it would be nice to give these committee members a portion of their required CPE while serving.

No action was taken on this item.

3. Discussion and Possible Action to Make Nonsubstantive ("Section 100") Changes to the Forms Incorporated by Reference in Title 16, California Code of Regulations, Sections 9.1, 12, 12.1, 12.5, 15.1, 16, 19, 20, 43, 45, and 87.9, in Order to Update the California Board of Accountancy's Mailing Address.

Mr. Famalett stated that the purpose of this item was to provide the CBA an opportunity to consider taking action to amend several CBA Regulations sections, and update the corresponding CBA forms incorporated in those sections to reflect the CBA's current mailing address. He stated that because these changes are non-substantive, staff plan to use an expedited rulemaking process, known as a "Section 100" change, which take effect 30 days following submission to the Office of Administrative Law. However, if this is denied, staff request the CBA authorize the Executive Officer to pursue the proposed changes through the regular rulemaking process.

The CPC recommended the following motion to the CBA:

- **Approve the regulatory text and forms in CBA Regulation sections 9.1, 12, 12.1, 12.5, 15.1, 16, 19, 20, 43, 45, and 87.9 and authorize the Executive Officer to initiate the formal rulemaking process for a Section 100 change, including submitting the text and form changes to the Director of the Department of Consumer Affairs (DCA) and the Business Consumer Services and Housing Agency (BCSH) for review,**
- **If no adverse comments are received, submit the Section 100 change to OAL.**
- **If OAL does not approve the Section 100 change, direct staff to submit the text and form changes to the Director of DCA, and BCSH for review.**
- **If no adverse comments are received, authorize the Executive Officer to make any non-substantive changes to the package, take all steps necessary to initiate the regular rulemaking process and set the matter for hearing.**

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: Ms. Molina Lopez.

Absent: Mr. Campos.

IX. Meeting Minutes.

- Adoption of the Minutes of the September 14-15, 2017, California Board of Accountancy Meeting.**
- Acceptance of the Minutes of the July 20, 2017, Legislative Committee Meeting.**
- Acceptance of the Minutes of the September 14, 2017, Committee on Professional Conduct Meeting.**
- Acceptance of the Minutes of the July 6, 2017, Enforcement Advisory Committee Meeting.**
- Acceptance of the Minutes of the July 26, 2017, Qualifications Committee Meeting.**

It was moved by Ms. Robinson and seconded by Mr. Silverman to approve agenda items IX.A. – IX.E.

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Park, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, and Ms. Robinson.

Absent: Mr. Campos.

X. Other Business.

A. American Institute of Certified Public Accountants.

1. Report on Meetings of the American Institute of Certified Public Accountants Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

B. National Association of State Boards of Accountancy.

1. Report on Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Representative.

There was no report on this agenda item.

2. Report on Committee Meetings of the National Association of State Boards of Accountancy Attended by a California Board of Accountancy Member.

- a. Enforcement Resources Committee.

There was no report on this agenda item.

- b. Computer Based Testing Administration Committee.

There was no report on this agenda item.

- c. Continuing Professional Education Committee.

There was no report on this agenda item.

XI. Officer Elections.

A. Secretary-Treasurer.

It was moved by Ms. Berhow and seconded by Mr. Savoy to appoint Mark Silverman, Esq. as Secretary/Treasurer of the CBA.

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Campos.

B. Vice-President.

It was moved by Ms. Berhow and seconded by Mr. Silverman to appoint George Famalett, CPA as Vice-President of the CBA.

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Campos.

C. President.

It was moved by Ms. Berhow and seconded by Ms. Hinds to appoint Michael M. Savoy, CPA as President of the CBA.

Yes: Ms. Berhow, Mr. Famalett, Ms. Hinds, Mr. Jacobson, Ms. León, Ms. Molina Lopez, Ms. Nicholson, Mr. Ou-Yang, Ms. Park, Ms. Robinson, Ms. Salazar, Mr. Savoy, Mr. Silverman, and Ms. Wright.

No: None.

Abstain: None.

Absent: Mr. Campos.

XII. Closing Business.

A. Public Comments.

Jo Ann Henkel, a member of the public provided comments regarding the recent outcome of a complaint she filed with the CBA.

B. Agenda Items for Future California Board of Accountancy Meetings.

Ms. Wright requested staff bring back information regarding the interactive learning approach of continuing education similar to what has been adopted by the Indiana Board of Accountancy.

Mr. Jacobson requested that staff bring back information regarding granting continuing education credit to CPAs that serve on a CBA advisory committees.

XIII. Closed Session.

A. Pursuant to Government Code Section 11126(c)(3), the California Board of Accountancy Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulated Settlements, Default Decisions, Proposed Decisions, and Decision After Non-Adoption).

B. Pursuant to Government Code Section 11126(e), the California Board of Accountancy Will Meet in Closed Session to Receive Advice From Legal Counsel on Litigation (*David Greenberg v. California Board of Accountancy*, Los Angeles County Superior Court, Case No. BS155045).

Adjournment.

President Berhow adjourned the meeting at 4:11 p.m. on Thursday, November 16, 2017.

Michael M. Savoy, CPA, President

Mark J. Silverman, Esq., Secretary/
Treasurer

Rebecca Reed, Board Relations Analyst, and Patti Bowers, Executive Officer, CBA, prepared the CBA meeting minutes. If you have any questions, please call (916) 561-1718.