



DEPARTMENT OF CONSUMER AFFAIRS
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Department of Consumer Affairs
California Board of Accountancy

QC Agenda Item I.A.
April 27, 2011

Minutes of Meeting
January 26, 2011
CPA Qualifications Committee

Crown Plaza Irvine
17941 Von Karman Avenue
Irvine, CA 92614

The regularly scheduled meeting of the Certified Public Accountant Qualifications Committee (QC) of the California Board of Accountancy (CBA) was called to order at approximately 10:00 a.m. on January 26, 2011, by QC Chair, Fausto Hinojosa.

QC Members Present

Fausto Hinojosa, Chair
Maurice Eckley, Jr., Vice-Chair
Carlos Aguila
Gary Bong
Brian Cates
Michael Haas
Charles Hester
Alan Lee
Kristina Mapes
Cassandra Moore Hudnall
Gary O'Krent
Robert Ruehl
Ash Shenouda
Jeremy Smith
James Woyce

Staff Present

Patti Bowers, Executive Officer
Stephanie Hoffman, Licensing Coordinator
Kris McCutchen, Licensing Manager
Deanne Pearce, Licensing Division Chief
Vicky Thornton, Licensing Coordinator

QC Members Absent

Bobbie Hales

Other Participants

Jeannie Tindel, CalCPA

I. CHAIRPERSON'S REPORT

A. Approval of the July 29, 2010 QC Meeting Minutes.

It was moved by Mr. Lee, seconded by Mr. Aguila and unanimously carried to adopt the minutes of the July 29, 2010 QC Meeting.

B. Report of the September 22-23, 2010 and November 17-18, 2010 CBA Meetings.

Mr. Hinojosa and Mr. Eckley provided a recap of the September 22-23, 2010 and November 17-18, 2010, CBA meetings. Items of interest were reported on, including:

CBA Member Elections and Committee Appointments.

September 22-23:

1. Mr. Joseph Buniva was appointed to the Enforcement Advisory Committee (EAC).
2. Mr. Robert A. Lee was appointed to the Peer Review Oversight Committee (PROC).

November 17-18:

1. Ms. Sally Anderson was elected President of the CBA.
2. Mr. Marshal Oldman was elected Vice-President of the CBA.
3. Ms. Leslie LaManna was elected as Secretary/Treasurer of the CBA.
4. Ms. Cheryl Gerhardt was appointed as Chair of the EAC.
5. Mr. James Rider was appointed as Vice-Chair of the EAC.
6. Mr. Fausto Hinojosa was reappointed as Chair of the QC.
7. Mr. Maurice Eckley was reappointed as Vice-Chair of the QC.

Peer review implementation was discussed and it was suggested that staff validate the self-certification of attest services, possibly by using the CBA's Outreach Committee to provide notification to consumers that they can request to see their accounting provider's peer review report.

There will be some changes made regarding the CBA's assigned legal counsel from DCA and the assigned Deputy Attorney General.

The CBA adopted a motion to post accusations on the CBA Web site with a watermark disclaimer. Ms. Bowers explained the CBA's prior process regarding public access to the accusation documents.

Ms. Bowers indicated that the California Research Bureau (CRB) Study report has not yet been issued and there is no definitive date of when the report will be available.

Ms. Pearce addressed the issue of the International Delivery of the Uniform CPA Examine (iExam). The CBA will discuss and determine whether the CBA should participate in iExam.

The CBA adopted the Committee on Professional Conduct (CPC) recommendation that the CBA proceed with rulemaking to incorporate the recommendations made by the QC to further define supervision in CBA Regulations Section 12 and 12.5. The CBA took no action in regard to further defining general accounting experience in Section 12.

The CBA adopted the CPC's recommendations regarding the continued consideration of retired status for CPA/PA license.

The CBA's Enforcement Division is researching options to properly validate the self certification of attest services. There are plans to reach out to those who have not responded and provide notification that failure to respond may be cause for discipline.

Regarding the issue of legal representation for board members it was advised that if a determination was made by the Attorney General's (AG) Office in consultation with the CBA that the CBA member clearly acted outside of his/her duties, he/she would not be represented by the AG's Office and should retain private legal counsel.

First Quarter Financial Report – FY 2010-2011. It was reported that the hiring freeze remains in effect and it does not appear that any exceptions are being made at this time. The CBA cannot hire any new outside contractors at this time. CBA currently has 22 vacancies.

The renewal fee reduction rulemaking package is still under review with the Department of Finance.

The CBA's Outreach Committee is working on outreach to educators and colleges and universities.

The CBA's Legislative Committee (LC) has several proposals for consideration, which include:

Retirement Status. The CBA carried to adopt the LC's recommendation that the CBA sponsor legislation to pursue a retirement licensure status.

Peer Review Sunset Extension. The CBA carried to adopt the LC's recommendation that the CBA sponsor legislation which would extend the January 1, 2014 sunset date for the Peer Review Program.

Webcast Exemption. The CBA carried to adopt the LC's recommendation that the CBA sponsor legislation to exempt specific CBA meetings from the webcast requirement.

Loans to the General Fund. The CBA carried to adopt the LC's recommendation that the CBA sponsor legislation that would prohibit the transfer of accountancy fund monies to the general fund.

NASBA Committees – Accountancy License Database (ALD) Task Force. Ms. Bowers reported that there are over 46 states either participating or committed to participate in ALD, and over a half a million records of licensees in the ALD system. Ms. Bowers stated that NASBA plans to launch ALD to the public in the first quarter of 2011.

II. INITIAL LICENSING UNIT REPORT

A. Update on Staffing.

Ms. McCutchen provided a report on the Initial Licensing Unit, which included the Licensing Division Activity Report and a report of current staffing. Items of interest were:

- Introduced new licensing staff Vicky Thornton.
- The Initial Licensing Unit currently has one vacancy due to the retirement of Office Technician, June Lake.
- The Licensing Division has a total of 9 vacancies. The CBA is attempting to obtain at least five exceptions to the current hiring freeze.

B. Processing Timeframes.

- The Initial Licensing Unit is processing license applications within 21 days.

III. OTHER BUSINESS

A. Proposed Meeting Dates for 2011

The QC discussed future meeting dates for 2011, with the following revisions:

- April 20, 2011 meeting changed to April 27, 2011
- July 27, 2011 meeting changed to August 3, 2011
- October 19, 2011, meeting date remains the same.

It was moved by Mr. O’Krent, seconded by Mr. Hester and unanimously carried to recommend the above proposed 2011 meeting dates, with revision, to the CBA.

B. Discussion Related to Amending CBA Regulation Section 37 – Reissuance.

The QC discussed whether the current continuing education (CE) subject areas and the specific number of hours required for reissuance of a cancelled CPA license are appropriate for today’s accounting environment.

During the discussion the QC identified significant changes to Section 37, in particular making the CE requirements similar to conversion from inactive to active CPA license. Therefore, the QC determined that this issue will be scheduled for further discussion at the April 27, 2011 QC meeting.

The QC requested staff to draft language that mirrors existing requirements of Section 87.1 as it relates to the 80 hours of CE, in an effort to be consistent.

IV. PUBLIC COMMENT

None.

V. AGENDA ITEMS FOR FUTURE CPA QUALIFICATIONS COMMITTEE MEETINGS

- Approval of January 26, 2011 QC minutes.
- Revision of Section 37 of the Accountancy Regulations.
- Section 69/appearance peer training.

VI. INTERVIEWS OF INDIVIDUAL APPLICANTS [Closed session in Accordance with Government Code Section 11126(c)(2)]

C08-050 – Applicant appeared and presented workpapers for his public accounting experience. He has 97.5 months of experience with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-001 – Applicant and his employer appeared for a Section 69 review. Applicant is currently licensed with general experience.

The employer's understanding of the Certificate of Attest Experience was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. However, the Certificate of Attest Experience was not affirmatively completed in its entirety and it was determined that the applicant will need to obtain additional hours reflecting experience in the preparation of and reporting on full disclosure financial statements, and experience in and satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must present adequate hours or additional engagements that support meeting the attest experience required. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether he needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, he is not permitted to sign reports on attest engagements of any kind.

C11-009 – Applicant and his employer appeared and presented workpapers for his non-public accounting experience. He has 33.5 months of experience with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-010 – Applicant and her employer appeared and presented workpapers for her non-public accounting experience. She has 106 months of experience with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-011 – Applicant’s employer appeared for a Section 69 Review. Applicant has 21.75 months of experience with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

The following Section 69 review took place on September 16, 2010, and is made a part of these minutes.

C10-033 – Applicant and his employer appeared for a Section 69 review. Applicant has 14.25 months of experience. He has an additional 1.5 months of experience with another employer with a 12-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

The following personal appearances and Section 69 reviews took place on October 20, 2010, and are made a part of these minutes.

C10-034 – Applicant and his employer appeared for a Section 69 review. Applicant is currently licensed with general accounting experience.

The employer’s understanding of the Certificate of Attest Experience was inadequate. The documentation did not support the firm’s certification that the work demonstrates satisfactory knowledge of current standards and pronouncements.

The workpapers presented did not show adequate evidence of supervisory review and sign-offs. More analytical procedures are needed in the review engagements presented.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain at a minimum, 500 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether he needs to reappear with work papers for the QC’s review.

While applicant is currently licensed with general accounting experience, he is not permitted to sign reports on attest engagements of any kind.

C10-035 – Applicant and his employer appeared for a Section 69 review. Applicant has 54.25 months of experience with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-036 – Applicant and his employer appeared for a Section 69 review. He has 55.75 months of experience with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-037 – Applicant appeared and presented workpapers for her non-public accounting experience. She has 134 months of experience with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-038 – Applicant appeared and presented workpapers for his foreign (Canada) public accounting experience (17.5 months). He has an additional 10.75 months of experience with another employer with a 12-month experience requirement.

The workpapers did not indicate that the applicant performed the work or that the supervisor reviewed and signed-off on the work.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain at a minimum, 500 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether he needs to reappear with work papers for the QC's review.

C10-039 – Applicant appeared and presented workpapers for his non-public accounting experience. Applicant is currently licensed with general accounting experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-040 – Applicant and his employer appeared for a Section 69 review. Applicant has 33.25 months of experience with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

The following personal appearance and Section 69 reviews took place on November 18, 2010, and are made a part of these minutes.

C10-042 – Applicant appeared and presented workpapers for her non-public accounting experience. Applicant is currently licensed with general accounting experience.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-043 – Applicant and his employer appeared for a Section 69 review. Applicant has 11.5 months of experience. He has an additional 18.5 months of experience with another employer with a 12-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was adequate. The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C10-044 – Applicant and her employer appeared for a Section 69 review. Applicant is currently licensed with general accounting experience.

The employer's understanding of the Certificate of Attest Experience was not adequate. The work papers presented did not show evidence of actual

application of procedures and opinions formed. There were no sign-offs, references, or notations. There were only standard checklists; no risk assessment and no evidence of participation in the preparation of full disclosure financial statements by candidate. Only one engagement with 68 hours was presented. The Certificate of Attest Experience asserted 740 audit hours and 725 review hours.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must present adequate hours or additional engagements that support meeting the attest experience required. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, she is not permitted to sign reports on attest engagements of any kind.

Firm has been placed on reappearance status.

The following personal appearances and Section 69 reviews took place on January 19, 2011, and are made a part of these minutes.

C11-003 – Applicant's employer appeared for a Section 69 review. Applicant is currently licensed with general accounting experience.

The Certificate of Attest Experience was not affirmatively completed in its entirety. The employer's understanding was adequate. While the work reviewed was complete and no deficiencies were noted, only 173 hours of qualifying experience was granted. Applicant performed no audit planning and very limited audit procedures.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain at a minimum, 327 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A determination will then be made as to whether she needs to reappear with work papers for the QC's review.

While applicant is currently licensed with general accounting experience, she is not permitted to sign reports on attest engagements of any kind.

C11-004 – Applicant and his employer appeared and presented workpapers for his non-public accounting experience. He has 61 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-005 – Applicant's employer appeared for a Section 69 review. Applicant has 27.25 months of experience. She has an additional 4.25 months of experience with another employer, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-006 – Applicant and his employer appeared and presented workpapers for his non-public accounting experience. He has 26.25 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C11-007 – Applicant's employer appeared for a Section 69 review. Applicant has 44 months of experience, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience was inadequate. The documentation did not support the firm's certification that the work demonstrates satisfactory knowledge of current standards and pronouncements.

There was little or no documentation in regard to the applicant's ability/experience in planning, in the ability to prepare written explanations or comments on the work performed, or the ability to prepare full disclosure financial statements.

Recommendation: Defer. In order to satisfy the experience requirements for the authorization to sign attest reports, the applicant must obtain at a minimum, 500 audit hours. Any new experience must be performed under the supervision of a licensee holding a valid active license to practice public accountancy who is authorized to sign attest reports. An affirmatively completed Certificate of Attest Experience in either individual or composite form must be submitted. A

determination will then be made as to whether she needs to reappear with work papers for the QC's review.

Firm has been placed on reappearance status.

C11-008 – Applicant and her employer appeared and presented workpapers for her non-public accounting experience. She has 24.75 months of experience, with a 24-month experience requirement.

The work reviewed was complete and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

ADJOURNMENT

There being no further business to be conducted, the meeting was adjourned at 3:45 P.M. on January 26, 2011. The next meeting of the CPA Qualifications Committee will be held on April 27, 2011.

Fausto Hinojosa, Chair

Prepared by Stephanie Hoffman and Vicky Thornton, Licensing Coordinators

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

QC Meeting Agenda Item II
April 27, 2011

EXAMINATION	December	January	February
CPA Examination Applications Received			
First-time Sitter	377	533	562
Repeat Sitter	1879	1378	671
Processing Time Frames			
First-time Sitter	33	16	15
Repeat Sitter	7	9	10
Appeals			
Management-Level Appeals	22	14	18
Board-Level Appeals	0	0	0
INITIAL LICENSING	December	January	February
CPA Licensure Applications Received			
CPA	298	336	291
Partnership	10	10	8
Corporation	21	16	31
Fictitious Name Permit (Registration)	18	21	10
Processing Time Frames			
CPA	21	13	19
Partnership	24	9	9
Corporation	24	9	9
Fictitious Name Permit (Registration)	24	9	9
Applicants Licensed Under			
Pathway 0	0	1	2
Pathway 1A	63	47	52
Pathway 1G	68	46	58
Pathway 2A	109	69	70
Pathway 2G	149	123	129

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

RENEWAL AND CONTINUING COMPETENCY	December	January	February
Licenses Renewed			
CPA	2,985	3,059	2,950
PA	0	2	6
Partnership	31	30	58
Corporation	72	62	177
CE Worksheet Review			
CPA/PA Applications Reviewed	3,081	2,379	2,461
Deficient Applications Identified	128	123	530
Compliance Responses Received <i>(Including Requests for Inactive Status)</i>	75	65	50
Enforcement Referrals	0	0	0
Outstanding Deficiencies <i>(Including Abandonment)</i>	53	58	480
PRACTICE PRIVILEGE	December	January	February
Notifications Received			
Hardcopy	93	125	83
Electronic	217	337	271
Disqualifying Conditions Received			
Approved	4	2	4
Denied	0	0	0
Pending	2	1	0
Practice Privilege Suspension Orders			
Notice of Intent to Suspend	0	1	1
Administrative Suspension Order	0	0	0

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

DIVISION AND UNIT ACTIVITIES

Examination Unit

- The processing time frame for first-time candidate examination applications decreased to within 16 days of receipt in the month of January. This is a huge decrease compared to the month of November in which applications were being processed within 45 days. One factor contributing to the decrease in processing time frames is a decline in the number of applications received during the month of December, most likely due to changes in the CPA Exam (referred to as CBT-e), which went into effect January 2011. In December 2010 and January 2011, there was a 20% and 29% decrease respectively in the receipt of first-time applications when compared to December 2009 and January 2010.

In addition, with the assistance of the IT Unit, staff made major changes in score processing that eliminated the need to manually process examination scores in a candidate's client account. Effective with the scores received at the end of 2010, scores were automatically uploaded in the candidate's client account as "final". This modification eliminated the prior requirement that staff manually pull candidates examination files and update each score from "advisory" to "final". Staff were able to focus on processing files for candidates who passed the examination and reviewing first-time and repeat applications.

- In February, letters were mailed to CBA members and members of the Qualifications, Enforcement Advisory, and Peer Review Oversight Committees in order to establish a pool of individuals to assist in evaluating the administration of the computer-based CPA Exam at Prometric Testing Centers. Staff anticipates that in 2011 site visits can be performed at all of the Prometric Testing Centers throughout California.
- The Examination Unit continues to have three vacant positions, one full-time Staff Services Analyst Limited Term, one full-time Office Technician, and one Retired Annuitant.

Initial Licensing Unit

- The Initial Licensing Unit continues to have one full-time Office Technician position vacancy.

Renewal and Continuing Competency Unit

- The License Renewal/Continuing Competency Unit continues to have four vacancies, two full-time Office Technicians (OT), one permanent intermittent OT, and one OT Retired Annuitant.
- A total of 14 regulatory review courses have been approved this year. Since January 1, 2011 four additional course applications have been received and are in the process of being reviewed. Staff continues to work with one potential course provider to amend their course materials.

**CALIFORNIA BOARD OF ACCOUNTANCY
LICENSING DIVISION REPORT
DECEMBER 2010 – FEBRUARY 2011**

DIVISION AND UNIT ACTIVITIES CONTINUED...

Practice Privilege Unit

- A notice was posted to the CBA Web site notifying out-of-state licensees that on January 1, 2011, Section 5050(b) of the Business and Professions Code on temporary and incidental practice became inoperative.

COMMITTEE NEWS

- The Accounting Education Committee (AEC) meeting held its most recent meeting at the CBA office on February 18, 2011. Productive discussions were held regarding consideration of accepting a specified master's degree to meet the 20 units of accounting study, the work of the subcommittee formed at the September 2010 meeting, and the use of educational documents to identify the 20 units of accounting study. The next meeting of the full AEC will be held on April 15, 2011 in Sacramento.
- At the January 26, 2011 Ethics Curriculum Committee (ECC) meeting, a subcommittee consisting of Mr. Gary McBride and Mr. Robert Yetman was established to provide the full committee a framework for the ethics study guidelines. The subcommittee held its first meeting on February 22, 2011 and will present its report and proposal at the next ECC meeting. The next meeting of the full ECC will be held on April 6, 2011 in Sacramento.

Memorandum

QC Agenda Item III.
April 27, 2011

To : Fausto Hinojosa, Chair
Qualification Committee Members

Date : March 15, 2011
Telephone : (916) 561-1739
Facsimile : (916) 263-3676
E-mail : kmccutchen@cba.ca.gov

From : Kris McCutchen, Manager
Initial Licensing Unit

Subject : Overview of Training Plan for California Board of Accountancy (CBA) Regulation
Section 69 and Personal Appearances

At the January 26, 2011, Qualifications Committee (QC) meeting, members requested the QC and CBA staff consider peer training for committee members as it relates to Section 69 and personal appearance reviews to clarify interview format and procedures.

Provided below are some suggested topics for discussion during the training session:

- Should Section 69 reviews be performed with both the applicant and the employer, together or separately
- Decide how the use of laptop computers or other electronic media is practical or possible
- Determine the main focus of the review and interview of the firm and/or applicant
- Discuss benchmarks presently used by QC members to determine whether an applicant is qualified or not qualified for authorization to sign attest reports
- Discuss benchmarks used by QC members to determine if a firm has a clear understanding of the Certificate of Attest Experience.

Due to time constraints at the April 27, 2011 meeting, we are asking that the QC briefly discuss these suggested topics and identify any other items of importance with the intention of bringing them back to the July 2011 QC meeting for discussion and identification of best practices.

Once best practices are established by the QC, CBA staff will provide the guidelines for use in new member training and for reference by members for future Section 69 and personal appearance reviews.

Memorandum

QC Meeting Agenda Item IV.
April 27, 2011

To : Qualifications Committee Members

Date : April 15, 2011

Telephone : (916) 561- 1739

Facsimile : (916) 263- 3676

E-mail : kmccutchen@cba.ca.gov

From : Kris McCutchen, Manager
Licensing Division

Subject: Discussion Related to Amending CBA Regulation Section 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application

At the January 26, 2011, Qualifications Committee (QC) Meeting, members discussed whether Section 37 of the California Board of Accountancy (CBA) Regulations should be amended. Specifically members explored whether a need existed to clarify the amount of continuing education (CE) hours in specific subject areas that is required for reissuance of a cancelled Certified Public Accountant (CPA) license (**Attachment 1**).

Presently, CBA Regulation Section 37 requires an applicant complete 48 hours of CE in financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting for a license with the ability to sign attest reports. For applicants whose certificate will not authorize signing attest reports, CE in general accounting and other comprehensive basis of accounting is required. The CE for either attest or general must be completed within three years preceding the date of application.

The QC members reviewed and discussed numerous other states' requirements for reissuance of a cancelled CPA license. Following the review, members requested staff obtain information from additional states including Florida, Illinois, Iowa and New York. Staff found a wide range of requirements from no stated CE required to a minimum of 120 hours of CE required (**Attachment 2**).

Additionally, QC members identified significant changes to Section 37, in particular making the requirements for reissuance and experience obtained more than five years prior to application more in line with conversion from inactive to active CPA license status. QC members directed staff to prepare draft language for Reissuance (Section 37) and for experience obtained more than five years prior to application (Sections 12(d) and 12.5(f)) to mirror the existing CE requirements presently being used for conversion from an inactive to active CPA license (**Attachment 3**).

Provided below is an overview of the proposal for Sections 37, 12(d), and 12.5(f):

CBA Regulation Section 37, Reissuance:

- Twenty hours of CE be completed in the two years prior to application for reissuance.
- 20 of the 80 hours to be completed in the one year immediately preceding application for reissuance, of which 12 hours must be completed in technical subject matter¹.
- CE must meet the same requirements as the CE necessary for CPA license renewal, including:
 - A minimum of 40 hours must be completed in technical subject matter.
 - A maximum of 40 hours may be completed in non-technical subject matter².
- To obtain the authority to sign reports on attest engagements, applicants would be required to complete a specified amount of hours in subjects to be determined by the QC.
- Must be consistent with Sections 88, 88.1, and 88.2 (**Attachment 4**)

CBA Regulation Section 12(d), Experience obtained more than five years prior to application:

- 80 hours of CE be completed in the two years prior to application for CPA licensure or within two years as directed by the CBA.
- At the time of application, if the applicant has completed the required 80 hours, 20 of the hours had to be completed in the one year immediately preceding application for licensure, of which 12 hours must be completed in technical subject matter.

¹ Technical Subjects include: accounting, auditing, fraud, taxation, consulting, financial planning, ethics as defined in Section 87(b), regulatory review as defined in Section 87.8, computer and information technology (except for word processing), and specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

² Non-Technical subjects include: communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, office management, practice management, and personnel management.

- CE must meet the same requirements as the CE necessary for CPA license renewal, including:
 - A minimum of 40 hours must be completed in technical subject matter.
 - A maximum of 40 hours may be completed in non-technical subject matter.
- Must be consistent with Sections 88, 88.1, and 88.2 (**Attachment 4**)

CBA Regulation Section 12.5(f), Experience obtained more than five years prior to application:

Same requirements as 12(d), but would need to include the following:

- To obtain the authority to sign reports on attest engagements, applicants would be required to complete a specified amount of hours in subjects to be determined by the QC.

Additional Topics to Consider

QC members need to consider the following topics and provide direction to staff on how to proceed with incorporating this CE into the proposed requirements.

Attest Authority

Presently, in order to obtain a license with the authority to sign reports on attest engagements (with experience that is five years or older or for a reissued CPA license), applicants must complete 48 hours of CE courses in the following subjects:

- Financial Accounting Standards
- Auditing Standards
- Compilation and Review
- Other Comprehensive Basis of Accounting.

The CBA provides applicants with a guide regarding the amount of hours they should consider completing in each subject area (**Attachment 5**). The present CE requirements for conversion from an inactive to active CPA license do not address the attest authority issue. The QC would need to address what are the necessary requirements an applicant must meet in order to obtain the authority to sign reports on attest engagements.

One option would be to retain the existing CE subject areas for licensure with attest authority (Financial Accounting Standards, Auditing Standards, Compilation and Review, Other Comprehensive Basis of Accounting) and decide the appropriate number of hours to be completed in each of the specific subject areas.

Accounting and Auditing and Governmental CE

The present requirements for licensees converting their license from inactive to active status may also include completion of accounting and auditing and governmental CE, depending on the work performed during the 24 months prior to converting their license to an active status. The members may wish to discuss this requirement to determine if they would like this to apply for reissuance applicants or those who have experience obtained more than five years prior to application.

Fraud CE

Licensees who are subject to either governmental or accounting and auditing CE must also complete an additional eight hours of CE specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(e). This CE shall be part of the 80 hours but shall not be counted towards either the governmental or accounting and auditing CE.

Regardless of what members determine regarding the accounting and auditing and governmental CE requirement, members could discuss whether it would be appropriate to require completion of a course in the detection and/or reporting of fraud in financial statements.

Ethics CE

Members may want to consider whether they want to require completion of a four-hour ethics CE course prior to licensure. This is presently required for conversion applicants, however, given the present requirement that all applicants must complete the Professional Ethics Examination (PETH), the four-hour ethics CE course requirement may not be necessary. Additionally, members may want to consider whether applicants should complete the CBA's two-hour regulatory review course.

Requiring a Minimum Amount of CE Each Year

Per QC members request, provided below is information used during the rulemaking process that addresses the reasoning for a minimum amount of CE yearly. In January 2010, the CBA implemented a new CE requirement for licensees converting their license from inactive to active status. Specifically, of the 80 hours of CE that is required, licensees must complete a minimum of twenty hours of CE, with a minimum of 12 hours in technical subject matter, in the year prior to submitting an application to convert their CPA license from inactive to active status. The CBA believed that with rapidly changing technology, continual revision of tax laws and professional standards, a strong focus on an accountant's continued competency is essential. Further the CBA believes the change was necessary to ensure that a licensee re-entering the profession maintains a high level of competency in the laws and professional standards governing the profession prior to providing services to consumers.

Discussion Related to Amending CBA Regulation Section 37 – Reissuance, 12(d) and 12.5(f) – Experience Obtained Five or More Years Prior to Application

April 15, 2011

Page 5

Once the QC deliberates and makes a recommendation on this issue, staff can either bring final language back for members' review at the July QC meeting or the topic can be placed on the July CBA meeting agenda for consideration and adoption. Depending on CBA action, it is the intention that a regulation hearing regarding these amendments could be held at the November 2011 CBA meeting.

Attachments

ATTACHMENT 1

Memorandum

QC Meeting Agenda Item III.B.
January 26, 2011

To : Qualifications Committee Members

Date : January 4, 2011

Telephone : (916) 561- 1739

Facsimile : (916) 263- 3676

E-mail : kmccutchen@cba.ca.gov

From : Kris McCutchen, Manager
Licensing Division

Subject : Discussion Related to Amending CBA Regulation Section 37 – Reissuance.

Prior to 2008, Section 37 of the California Board of Accountancy (CBA) Regulations outlined the procedure for issuing a new license to a person whose previous license was cancelled. This section required that the applicant complete 120 hours of continuing education (CE), of which 48 hours were in subject areas specifically identified by the CBA. In January 2008, the CBA amended CBA Regulation Section 37 (**Attachment 1**) related to the reissuance of a license as follows: 1) reduced the number of CE hours from 120 for reissuance of a license to 48 hours and 2) included the specific subject areas required for the 48 hours.

Presently, pursuant to CBA Regulation Section 37, the applicant must complete 48 hours of CE in financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting for a license with the ability to sign attest reports. For applicants whose certificate will not authorize signing attest reports, CE in general accounting and other comprehensive basis of accounting is required.

Based on the requirements in CBA Regulation Section 37, the CBA provides guidelines (**Attachment 2**) regarding the 48 hours of CE required for both the general and attest patterns to reissuance applicants. According to the present guideline, an applicant requesting the authorization to sign attest reports would need to complete 16 hours of financial accounting standards, 16 hours of auditing standards, 8 hours of compilation and review, and 8 hours of other comprehensive basis of accounting. An applicant requesting licensure with general experience would need to complete 40 hours of general accounting and 8 hours of other comprehensive basis of accounting. Although staff was not able to clearly determine when the current guideline was created, it was determined that discussions on this issue took place at several prior Qualifications Committee (QC) meetings. At the October 26-27, 1989 QC meeting, the QC implemented a 48 hour pattern similar to the one that is presently used today.

CBA Regulation Section 37 does not adequately define the specific number of hours required in each subject area. To ensure consistency between the guidelines provided to applicants and CBA Regulation Section 37, staff propose that the QC consider recommending amending CBA Regulation Section 37 (**Attachment 3**) to include the hours of CE as provided in the guideline.

Prior to making this recommendation, the QC may want to consider whether the current CE subject areas and the specific number of hours required are appropriate for today's accounting environment. To assist the QC in this area, staff has researched other state boards' requirements for the reissuance of a license (**Attachment 4**). Staff found a wide array of requirements ranging from no stated CE required to a minimum of 120 hours of CE required. It is important to note that although many states require a course in ethics as part of the CE requirement for reissuance, the CBA requires a course in ethics in addition to the 48 hours of CE.

It is also important to note that if the QC recommends the amendments to CBA Regulation Section 37, it would also be appropriate to recommend these same amendments to CBA Regulation Sections 12 and 12.5 (**Attachment 5**) which requires the same 48 hours of CE for initial licensure applicants whose experience is not current.

Once the QC deliberates and makes a recommendation on this issue, it will be placed on the March 2011 CBA meeting agenda for consideration and adoption. It is the intention that a regulation hearing regarding these amendments will be held at the May CBA meeting in conjunction with the changes recommended to Sections 12 and 12.5 related to supervision.

Attachments

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 37. Reissuance.

A certified public accountant (CPA) whose certificate has been cancelled by the operation of Business and Professions Code Section 5070.7 may apply for an obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. The reissued certificate will permit the CPA to perform the same services, as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

(a) Within three years preceding the date of application, the applicant has completed at least 48 hours of continuing education as specified in paragraphs (1) or (2) of this subsection and has submitted the certificates of completion for those courses to the Board:

(1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, courses in the following subject areas are required: financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting.

(2) For an applicant whose re-issued certificates will not authorize signing reports on attest engagements, courses in the following subject areas are required: general accounting, and other comprehensive basis of accounting.

(b) In lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Section 5070.7, Business and Professions Code.



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ATTACHMENT 2

CONTINUING EDUCATION PATTERN REQUIRED FOR RE-ISSUANCE

A California Certified Public Accountant, whose certificate has been cancelled because renewal fees were not paid for five years following the certificate expiration date, may apply for and obtain a new certificate with a new number if the applicant is otherwise qualified under the provisions of Section 5070.7 of the California Accountancy Act. Upon re-issuance, the certificate will be issued in an “active” status.

An applicant with a cancelled certificate wishing to apply for a new certificate to practice public accountancy must complete 48 hours of continuing education within three years preceding the date of application and submit the **Certificates of Completion** for those courses to the Board. Self-study courses must comply with Sections 88-88.2 of the Accountancy Regulations.

For an applicant whose re-issued certificate **will authorize** signing authority on attest engagements, courses in the following subject areas are required:

Financial Accounting Standards: A Comprehensive Review Course	16 hours
Auditing Standards: A Comprehensive Review Course	16 hours
Compilation and Review: A Basic Review and Update	8 hours
Other Comprehensive Basis of Accounting	8 hours

For an applicant whose re-issued certificate **will not authorize** signing reports on attest engagements, courses in the following subject areas are required:

General Accounting	40 hours
Other Comprehensive Basis of Accounting	8 hours

FOR AN APPLICANT WHOSE RE-ISSUED CERTIFICATE WILL AUTHORIZE SIGNING AUTHORITY ON ATTEST ENGAGEMENTS, COURSES IN THE FOLOWING SUBJECT AREAS ARE REQUIRED:

Financial Accounting Standards: Comprehensive Review Course (16 hours)	Auditing Standards: Comprehensive Review Course (16 hours)	Compilation and Review: Basic Review and Update (8 hours)	Other Comprehensive Basis of Accounting (OCBOA) (8 hours)
<p>The following topics should be included in a comprehensive review course of financial accounting standards:</p> <ul style="list-style-type: none"> ❖ Performing accounting research ❖ Meeting disclosure requirements ❖ Problems in rarely encountered transactions ❖ Meaning of Generally Accepted Accounting Principles (GAAP) ❖ Balance sheet and income statement ❖ Statement of owner's equity and accounting changes and cash flows and cash presentation ❖ Reporting on receivables and financial instrument disclosures; investments, property, plant and equipment, and non-monetary exchanges; intangibles and research and development costs; payables and accruals; long-term debt and contingencies; leases; stockholder's equity ❖ Accounting for leases; income taxes; pensions and other post-retirement benefits; stockholder's equity 	<p>The following topics should be included in a comprehensive review course of auditing standards:</p> <ul style="list-style-type: none"> ❖ Learn to plan audits more effectively ❖ Related control risk to substantive testing ❖ Meet auditing standards efficiently ❖ Reduce the risk of law suits ❖ Document work performed ❖ Perform auditing research 	<p>The following topics should be included in a basic review and update of compilation and review:</p> <ul style="list-style-type: none"> ❖ Standards/interpretations of Statements on Standards for Accounting and Review Services (SSARS) ❖ Services performed for clients that do not require a report ❖ Financial statements defined ❖ Objectives and procedures of compilation and review engagements ❖ Issuing comparative financial statements ❖ Discussion of updates and American Institute of Certified Public Accountants (AICPA) "alerts" including computer-generated financial statements ❖ Reporting on GAAP vs. OCBOA financial statements ❖ Reporting on a prescribed form ❖ Disclosures required and selected information ❖ Common errors made by practitioners in compilation and review engagements 	<p>The following topics should be included in an OCBOA course:</p> <ul style="list-style-type: none"> ❖ OCBOA financial statements defined ❖ Accounting and disclosure requirements ❖ Special technical problems in preparing cash and tax basis financial statements ❖ Reporting on OCBOA financial statements ❖ Management issues and concerns ❖ External users issues and concerns

FOR AN APPLICANT WHOSE RE-ISSUED CERTIFICATE WILL NOT AUTHORIZE SIGNING REPORTS ON ATTEST ENGAGEMENTS, COURSES IN THE FOLOWING SUBJECT AREAS ARE REQUIRED:

General Accounting	Other Comprehensive Basis of Accounting (OCBOA)
<p>The following topics may be included when completing the general accounting continuing education courses:</p> <ul style="list-style-type: none"> ❖ Performing accounting research ❖ Meeting disclosure requirements ❖ Problems in rarely encountered transactions ❖ Meaning of Generally Accepted Accounting Principles (GAAP) ❖ Balance sheet and income statement ❖ Statement of owner’s equity and accounting changes and cash flows and cash presentation ❖ Reporting on receivables and financial instrument disclosures; investments, property, plant and equipment, and non-monetary exchanges; intangibles and research and development costs; payables and accruals; long-term debt and contingencies; leases; stockholder’s equity ❖ Accounting for leases; income taxes; pensions and other post-retirement benefits; stockholder’s equity 	<p>The following topics should be included in an OCBOA course:</p> <ul style="list-style-type: none"> ❖ OCBOA financial statements defined ❖ Accounting and disclosure requirements ❖ Special technical problems in preparing cash and tax basis financial statements ❖ Reporting on OCBOA financial statements ❖ Management issues and concerns ❖ External users issues and concerns

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 37. Reissuance.

A certified public accountant (CPA) whose certificate has been cancelled by the operation of Business and Professions Code Section 5070.7 may apply for an obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. The reissued certificate will permit the CPA to perform the same services, as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

(a) Within three years preceding the date of application, the applicant has completed at least 48 hours of continuing education as specified in paragraphs (1) or (2) of this subsection and has submitted the certificates of completion for those courses to the Board:

(1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, courses in the following subject areas are required: 16 hours in financial accounting standards, 16 hours in auditing standards, 8 hours in compilation and review, and 8 hours in other comprehensive basis of accounting.

(2) For an applicant whose re-issued certificates will not authorize signing reports on attest engagements, courses in the following subject areas are required: 40 hours in general accounting, and 8 hours in other comprehensive basis of accounting.

(b) In lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Section 5070.7, Business and Professions Code.

**EXAMPLES OF OTHER STATES' REQUIREMENTS TO
REINSTATE CANCELLED LICENSES**

Alaska

A license that has lapsed more than three years may apply for reinstatement by documenting to the satisfaction of the board that the individual's failure to renew the permit was excusable, paying the required fee, documenting completion of 120 hours of approved continuing education during the 36 months immediately before the date of application for reinstatement and documenting that the continuing education completed included successful completion of a current ethics course and examination published by the AICPA.

Arizona

The CPE hour requirement is 80 hours for less than two years of dormancy, and 160 hours of CPE for any period longer than two years. The CPE must meet the following requirements:

A registrant shall complete a minimum of 50% of the required hours in the subject areas of accounting, auditing, taxation, business law, or management advisory services with a minimum of 16 hours in the subject areas of accounting, auditing or taxation. If a registrant has been certified for less than two years, the Board shall reduce the required hours on a prorated basis.

A registrant shall complete a minimum of 16 hours of the required hours in a classroom setting or through an interactive webinar during the two-year period immediately preceding registration renewal. If a registrant has been certified for less than two years, the Board shall reduce the required hours on a prorated basis.

A registrant shall complete four hours of CPE in the subject area of ethics during the two-year period immediately preceding registration renewal. The four hours required by this subsection shall include a minimum of one hour of each of the following subjects:

- Ethics related to the practice of accounting including the Code of Professional Conduct of the American Institute of Certified Public Accountants; and
- Board statutes and administrative rules.

Arkansas

The holder of a void license or registration may apply for a new license or registration. However, the Board may require the applicant to comply with educational or other requirements deemed appropriate by the Board, including successful completion of the examination in order to obtain a new license.

Colorado

When a certificate has been expired for six years or more, it may be reinstated provided the certificate holder satisfies the following conditions:

Within two years immediately preceding the application receipt date, the certificate holder shall complete a total of 80 hours of CPE. No CPE in Personal Development may be counted toward the 80 hours. The CPE must include the completion of the AICPA ethics course and two hours of Colorado Rules & Regulations. The certificate holder shall also obtain either one year of experience, a post-baccalaureate degree with a concentration in accounting obtained from an accredited college or university, or one year of teaching experience as a professor of accounting employed full time in an accredited college or university.

The certificate holder may also obtain a certificate by satisfying the same conditions as an applicant applying for initial certification, including passing the Uniform CPA Examination, meeting the education and experience requirements as established by statute and Board rules, and completing the AICPA ethics course.

Delaware

If a permit has been expired for more than one year, the applicant must reapply.

District of Columbia

An applicant for reinstatement of a license who has failed to renew the license for a period of less than five years shall provide proof of having completed since the previous issuance of the license 40 hours of approved continuing education for each year of non-renewal, up to a maximum of 120 hours.

Georgia

Applicants for reinstatement must submit an application, fee, and evidence satisfactory to the Board of the completion of continuing professional education which meets the following requirements:

10 hours of CPE for each year since the last renewal of the permit or since the initial issuance of the permit, whichever is less, up to a maximum of 240 hours. At least 20% of the total hours required must be earned in accounting and auditing subjects. At least 80 of the CPE hours must have been completed during the two-year period immediately preceding the date of application for reinstatement. The Board may accept in lieu of the CPE requirements other evidence of continued competency including, but not limited to, the passing of an examination approved by the Board.

In considering the application for reinstatement, the Board may conduct an investigation of the applicant to determine, among other things, if the applicant engaged in the practice of public accountancy during the period that the applicant was not the holder of a live permit to practice public accountancy. Based on the results of that investigation, the Board may deny the application for reinstatement.

Guam

An applicant whose license or registration has lapsed shall complete no less than 120 hours of CPE during the three-year period preceding the date of reapplication. An applicant whose license or registration has lapsed shall be required to identify and complete a program of learning designed to demonstrate the currency of the licensee's competencies directly related to his or her area of service.

Idaho

Lapsed licenses may be reinstated by completing no less than 80 hours of CPE, of which at least four hours must be in ethics CPE, during the 12 months immediately prior to applying for reinstatement of an active license. The state-specific ethics for Idaho may constitute two of the four hours of ethics CPE. The applicant shall be required to identify and complete a program of learning designed to demonstrate the currency of the applicant's competencies directly related to his area of service. The licensee shall file the annual CPE reporting form, indicating the licensee has completed the two-hour course on state-specific ethics for Idaho, and is otherwise exempt from obtaining CPE hours during the first year of licensure.

Indiana

To reinstate a license that has been expired more than 18 months, the applicant must submit a completed renewal form, fee, and proof of the 120 hours of CPE for an active license.

Iowa

A certificate holder may reinstate a certificate to active status upon payment of \$200 plus \$25 per month of expired registration, up to a maximum of \$1000. Additionally, the certificate holder must provide evidence of 120 hours of CPE in the three-year period prior to the date of this application.

Kansas

If a person has been without a permit for longer than one year, he or she may reinstate the permit. This requires proof of completion of 40 hours of CPE within the previous 12 months from the date of application for reinstatement, in addition to paying a fee.

Kentucky

If a license has been expired for a period longer than six months, the applicant shall apply to the Board for reinstatement by submitting a late penalty fee not to exceed \$200 and 80 hours of CPE, one half (40 hours) of which are in accounting and auditing topics earned during the two years preceding the request for reinstatement.

Massachusetts

A license which has lapsed for more than one renewal cycle may be reinstated upon payment of applicable fees and presentation of satisfactory evidence of having completed 80 hours of acceptable continuing education, of which four hours shall be in the area of professional ethics.

If the reinstatement applicant has been practicing in Massachusetts during the period the license was expired, he or she must also complete any other Board requirements, including re-examination and acknowledgment of practice during the period the license was expired. If the applicant was not practicing during the period the license was expired, he or she may also be subject to other Board requirements, including re-examination, and submission of an affidavit signed under the pains and penalties of perjury that the individual has not been practicing during the period the license was expired. If the applicant was practicing in another state during the period the Massachusetts license was expired, he or she must also submit to the Board an official record of good standing from another licensing authority indicating the out-of-state license was in good standing during the period the Massachusetts license was expired.

Mississippi

An individual seeking reinstatement of a CPA license must show satisfactory evidence of accrual/completion of the minimum CPE credit hours missed as a result of not being registered: 40 CPE credit hours per compliance period, including ethics CPE and subject to a maximum of 200 CPE credit hours, of which a minimum of 20% must be in accounting and/or auditing (A&A) topics, in lieu of re-sitting for the CPE examination and completion of all requirements for the issuance of a CPA license.

An individual who obtained his or her CPA license through reciprocity shall provide the Board confirmation of good standing with the jurisdiction of original issue.

Missouri

An applicant seeking reinstatement of their license, and who has not been practicing public accounting, shall submit evidence to the Board that he or she has completed 40 hours of CPE during the 12 months previous to making application for reinstatement of the license; or the applicant agrees to obtain 40 hours of CPE within 60 days of applying for reinstatement. A minimum of 20 hours of CPE is required in each calendar year, of which a minimum of two hours of the required 20 hours shall be in the area of ethics.

Additionally, an applicant seeking renewal or reinstatement of a license shall demonstrate participation in a program of learning meeting the standards set forth in the Statement on Standards for Continuing Professional Education (CPE) Programs jointly approved by National Association of State Boards of Accountancy (NASBA) and American Institute of Certified Public Accountants (AICPA).

Montana

An individual formerly the holder of a permit who wishes to apply for reinstatement of the permit must complete 120 hours of acceptable continuing education credit, at least two hours of which must consist of knowledge and the application of ethics or the codes of professional conduct of certified public accountants and licensed public accountants.

Nevada

A former holder of a certificate whose certificate has been revoked for nonpayment of fees must submit a new application for licensing accompanied by the application fee, the fee for annual renewal of the permit for any year that the fee was not paid before his certificate was revoked, and proof that he has completed at least 80 hours of continuing education programs approved by the Board during the last 12 months immediately preceding the filing of the new application.

New Hampshire

A person who no longer holds a current license issued by the Board seeking to return to active practice shall submit with an Application for Return to Active Practice documentation of completion of 120 hours of CPE, including at least four hours of ethics.

New Jersey

If the license lapsed five years ago or more, the applicant must either sit for and pass the Uniform CPA Examination, or apply to have his or her license reinstated through endorsement or reciprocity if he or she holds a valid and unrevoked license in another jurisdiction. If the license has been held for more than six years in another jurisdiction, the licensee must have obtained CPE credits that would have been substantially equivalent to those required as follows:

120 credits of CPE completed during the immediately preceding triennial period of licensure. Persons who are engaged in the practice of public accountancy, or who are involved with the attest function in issuing an audit, review, or compilation reports, shall have at least 24 of the required credits in the areas of accounting or auditing.

New Mexico

Reinstatement applicants whose certificates/licenses have lapsed shall provide documented evidence of completion of 40 hours of CPE for each year the certificate/license was expired, not to exceed 200 hours. If the license was expired for longer than 36 months, at least 120 of the hours must have been earned within the preceding 36 months, and at least four of these hours must be in ethics.

North Carolina

A person who desires to reissue a forfeited certificate shall make application and provide to the Board payment of the current certificate application fee, three certificates

of moral character and endorsements as to eligibility signed by CPAs holding valid certificates granted by any state or territory of the US, and evidence of satisfactory completion of the 40 hours of acceptable CPE courses during the 12 month period immediately preceding the application for change of status. Eight of the required hours must be credits derived from a course of examination of North Carolina accountancy statutes and rules (including the Code of Professional Ethics and Conduct contained therein).

Oklahoma

An individual whose certificate or license has been expired for five years or more may not renew the certificate or license. The individual may obtain a new certificate or license by complying with the requirements and procedures, including the examination requirements, for obtaining an original certificate or license. This provision shall not apply to an individual who is licensed to practice in another jurisdiction for the five years immediately preceding their application for reinstatement. Additionally, the applicant must provide evidence of successful completion of "Professional Ethics: The AICPA's Comprehensive Course" or its equivalent as part of the requirement for certification.

Oregon

Permits that are not properly renewed shall lapse. To reinstate a "lapsed" permit, the holder of such permit shall submit an application for reinstatement along with payment of the active renewal fee for each renewal period that the permit was lapsed, and complete and report the appropriate CPE hours, plus a penalty of an additional 16 CPE hours.

Holders of permits lapsed more than two, but less than five years shall complete and report 80 CPE hours, which shall be completed within the 12 month period immediately preceding the date of application for reinstatement.

Holders of permits that lapse more than five years shall complete and report 160 CPE hours, which shall be completed within the 24 month period immediately preceding the date of application for reinstatement, in addition to completing four CPE hours in professional conduct and ethics. In lieu of meeting the CPE requirements described in this section, the holder of a lapsed permit may elect to take and pass the CPA exam within the five years immediately preceding the date of application for reinstatement.

Rhode Island

Candidates who seek reinstatement after an inactive period will be required to pay a reinstatement fee of \$500. In addition, reinstatement candidates who have been inactive for five years or more shall be required to document completion of not less than 120 hours of CPE credits during the preceding three-year period, as well as completion of a CPA exam review course in a classroom setting approved by the Board with attendance documented. Alternatively, reinstatement candidates may document completion of not less than 240 hours of CPE credits during the preceding three-year period.

South Carolina

A CPA whose license has lapsed or has been inactive for three or more years may have his or her license reinstated upon completion of six months of additional experience, and 120 hours of continuing education. A CPA whose license has lapsed or has been inactive for an indefinite period and has active status outside this state may reinstate the license by submitting an application under §40-2-240 (Licensing of persons licensed in another state).

Tennessee

Licenses not renewed within one year of the expiration date shall be deemed to have lapsed. Any individual desiring to reinstate a lapsed license shall provide evidence satisfactory to the Board that the applicant has complied with the CPE requirements as follows: An applicant for renewal whose license has lapsed shall complete no less than 80 hours of CPE in the areas of accounting, accounting ethics, attest, taxation, or management advisory services during the six-month period preceding the date of reapplication. The CPE hours required to reinstate a lapsed license are considered penalty hours and may not be used to offset the CPE hours required for renewal of a license.

Texas

A person whose license has been expired for two years or more may obtain a license by paying all renewal fees that include late fees, or entering into an Agreed Consent Order providing for the issuance of a conditional license contingent upon the payment of all renewal fees that include late fees in accordance with the terms of the Agreed Consent Order.

A former licensee whose certificate or registration has been revoked for failure to pay the license fee and who makes application for reinstatement must pay the required fees and penalties and must accrue the minimum CPE credit hours missed. A licensee shall complete at least 120 hours of CPE in each three-year period, and a minimum of 20 hours in each one-year period.

A person whose license has been expired for two years or more may not renew the license. The person may obtain a new license by complying with the requirements and procedures, including the examination requirements, for obtaining an original license.

A person who was licensed in this state, moved to another state, and is currently licensed and has been in practice in the other state for the two years preceding the date of application may obtain a new license with out reexamination.

Utah

If an application for reinstatement is received by the Division more than two years after the date the license expired, and the applicant has not been active in the licensed occupation or profession while in the full-time employ of the US government or under license to practice that occupation or profession in any other state or territory of the US

during the time the license was expired, the applicant shall submit an application for licensure complete with all supporting documents as is required of an individual making an initial application for license, demonstrating that the applicant meets all current qualifications for licensure.

Vermont

A lapsed license may be reinstated after 90 days, if a written request for reinstatement, the renewal form, and the required fee are filed with the Board. The request must demonstrate that the applicant has maintained professional competency, including completion of no fewer than 80 hours of CPE during the preceding two-year period.

If a licensee fails to renew within ten years of the license lapsing, the licensee must file a new application for licensure and satisfy the initial licensure requirements of the Board in order to obtain a license.

Washington

To reinstate an expired CPA license, the applicant must complete 120 hours of CPE within the 36 months prior to submitting the application. This CPE is limited to 24 hours of non-technical subjects, including four hours of CPE in Board-approved ethics and regulations within the six months prior to submitting the application.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

Section 12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(d) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include 40 hours in general accounting standards, and 8 hours in other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

Section 12.5. Attest Experience Under Business and Professions Code Section 5095.

(g) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application may be required to obtain 48 hours of continuing education which shall include 16 hours in financial accounting standards, 16 hours in auditing standards, 8 hours in compilation and review and 8 hours in other comprehensive basis of accounting; and to submit the certificates of completion to the Board.

EXAMPLES OF OTHER STATES' REQUIREMENTS FOR REISSUANCE

Florida: Once a CPA license reverts to null and void there are three ways to regain licensure:

- Meet current education requirements, retake and pass all sections of the CPA examination;
- If licensed in another state, apply for licensure via endorsement;
- If the licensee has made a good faith effort to maintain their license but has failed to comply because of illness or unusual hardship, the licensee can write a letter to the Board requesting permission to reactivate their null and void license.

Illinois: Any registered certified public accountant who has an expired or inactive license status may have their license restored by making application to the Illinois Department. They may have to meet one or more of the following requirements:

- Provide proof acceptable to the Department as defined by rule of his or her fitness to have the license restored. This may include providing:
 1. Sworn evidence certifying to an active practice in another jurisdiction;
 2. Paying the required restoration fee;
 3. Providing proof of required continuing education;
 4. If no active practice in another jurisdiction, they may be required to complete a period of supervised practice.
- Exceptions: if license or registration expired while 1) in Federal Service on active duty with the Armed Forces of the United States or the State Militia, or 2) in preliminary training or education under supervision of the United States preliminary to induction into the military service, the license or registration may be renewed, reinstated or restored without paying any lapsed fees if within two years after honorable termination of such service.

Iowa: Does not cancel licenses. If the license has lapsed the licensee must complete a reinstatement application. Minimum requirements are:

- 120 hours of CPE in prior three years from date of application;
- Written statement of professional activities during license lapse;
- Exceptions: if, for the period that licensee was a resident of another state or district having a continuing professional education requirement and they met that requirement; exceptions may be made for reasons of individual hardship including health, military service, foreign residency, retirement or other good cause.

New York: Does not cancel licenses. Once a license is issued it is valid for life unless it is revoked through a disciplinary process. A licensee who does not engage in regulated practice may leave their registration in an inactive or not registered status, but they are not authorized to engage in regulated practice. To return to active practice they must submit a re-registration fee and:

- Complete 24 credits of acceptable CPE;
- Pay triennial registration fee.

ATTACHMENT 3

37. Reissuance.

(a) A certified public accountant (CPA) whose certificate has been canceled by the operation of Business and Professions Code Section 5070.7 may apply for and obtain a new certificate if the applicant is otherwise qualified under the provisions of Section 5070.7 and the applicant meets the requirements of subsection (a) or (b) of this section. An applicant who originally satisfied the attest experience requirement and who the Board issued a license with the authority to sign reports on attest engagements, may choose to be reissued a certificate that does not provide for this authorization. The reissued certificate will permit the CPA to perform the same services, as did the cancelled certificate except that a CPA whose cancelled certificate authorized signing reports on attest engagements may choose to be reissued a certificate that does not provide this authorization.

(b) Within two years preceding the date of application, the applicant shall complete 80 hours of continuing education as described in Section 88. A minimum of 20 hours shall be completed in the one-year period immediately preceding date of application, with a minimum of 12 hours in subject areas described in subsection (a)(1) of Section 88. At the time of submitting the application, the applicant shall submit the certificates of completion for the continuing education courses to the Board.

(1) For an applicant whose reissued certificate will authorize the signing of reports on attest engagements, XX hours of the 80 hours of continuing education shall be completed in: [INSERT ATTEST REQUIREMENT]

(2) For an applicant whose reissued certificate will not authorize signing reports on attest engagements, courses shall meet the requirements of subsection (a)(1) and (a)(2) of Section 88.

(c) An applicant shall select continuing education consistent with the requirements of Sections 88, 88.1, and 88.2, which will contribute directly to his or her competence in public practice.

~~(a) Within three years preceding the date of application, the applicant has completed at least 48 hours of continuing education as specified in paragraphs (1) or (2) of this subsection and has submitted the certificates of completion for those courses to the Board:~~
~~(1) For an applicant whose reissued certificate will authorize signing reports on attest engagements, courses in the following subject areas are required: financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting.~~

~~(2) For an applicant whose reissued certificate will not authorize signing reports on attest engagements, courses in the following subject areas are required: general accounting, and other comprehensive basis of accounting.~~

~~(b) In lieu of meeting the requirements of subsection (a) of this section, the applicant may choose to retake and successfully complete the entire Uniform CPA examination.~~

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Section 5070.7, Business and Professions Code.

12. General Experience Required Under Business and Professions Code Sections 5092 and 5093.

(a) In order to meet the experience requirement of Section 5092 or 5093 of the Business and Professions Code, experience must be supervised by a person holding a valid license or comparable authority to practice public accounting as specified in subdivision (d) of Section 5092 or subdivision (d) of Section 5093.

(1) Experience shall be verified by the person supervising the experience and by a second person with a higher level of responsibility in the firm or agency. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the person supervising the experience is also an owner of the public accounting firm, no second signature is required. If the experience is obtained at a private business, no second signature is required if the person supervising the experience is also an owner of the private business.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(3) All verifications shall be signed under penalty of perjury.

(b) The experience required by Section 5092 and 5093 involves providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. Qualifying experience may be gained through employment in public practice, industry, or government. Experience acquired in academia is not qualifying.

(c) The experience required by Section 5092 or Section 5093 of the Business and Professions Code may be obtained in full-time or part-time employment provided the total experience completed by the applicant is the equivalent of at least two years of full-time employment for an applicant qualifying under Section 5092 or at least one year of full-time employment for an applicant qualifying under Section 5093. In evaluating an applicant's experience, 170 hours of part-time employment shall be considered equivalent to one month of full-time employment.

(d) An applicant who is applying under Section 5092 or Section 5093 of the Business and Professions Code with experience obtained five (5) or more years prior to application may be required to complete 80 obtain 48 hours of continuing education as described in Section 88. The continuing education shall be completed within the two years preceding the date of application or within two years following the date the applicant is notified by the Board his/her experience is five years or older. which shall include general accounting standards, and other comprehensive basis of accounting; and to The applicant must submit the certificates of completion for the courses to the Board at the time of application or upon completion of the required continuing education.

(1) An applicant shall select continuing education consistent with the requirements of Sections 88, 88.1, and 88.2, which will contribute directly to his or her competence in public practice.

NOTE: Authority cited: Sections 5010, 5092, and 5093, Business and Professions Code.
Reference: Sections 5087, 5092, and 5093.

12.5. Attest Experience Under Business and Professions Code Section 5095.

(a) To be authorized to sign reports on attest engagements pursuant to Business and Professions Code Section 5095, an applicant for a California Certified Public Accountant license pursuant to Business and Professions Code Sections 5087, 5092, or 5093 or holder of an unexpired California Certified Public Accountant license issued pursuant to Business and Professions Code Section 5087, 5092, or 5093 shall show to the satisfaction of the Board that he or she meets the requirements of this section and Business and Professions Code Section 5095.

(1) Some or all of the experience required by Section 5095 and this section may be completed prior to issuance of the California Certified Public Accountant license. Any experience that would be qualifying for purposes of Section 5095 and this section may also serve as qualifying experience for purposes of Sections 5083, 5092, or 5093. To be qualifying for purposes of Section 5095 and this section, any experience obtained after issuance of the California Certified Public Accountant license must be obtained while the license is held in active status.

(2) A holder of an active California Certified Public Accountant license may commence signing reports on attest engagements upon receipt of notification from the Board that he or she has met the requirements of this section and Business and Professions Code Section 5095. A holder of an inactive California Certified Public Accountant license may apply under this section, but must convert the license to active status before commencing to sign reports on attest engagements.

(3) An applicant for the California Certified Public Accountant license who has met the requirements of this section and Business and Professions Code Section 5095 may commence signing reports on attest engagements upon license issuance.

(b) In order to meet the attest experience requirements of Section 5095 an applicant for or holder of a California Certified Public Accountant license shall show to the satisfaction of the Board that the applicant has completed a minimum of 500 hours of attest experience. This experience shall include all of the following:

(1) Experience in the planning of the audit including the selection of the procedures to be performed.

(2) Experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions include in financial statements.

(3) Experience in the preparation of working papers in connection with the various elements of (1) and (2) above.

(4) Experience in the preparation of written explanations and comments on the work performed and its findings.

(5) Experience in the preparation of and reporting on full disclosure financial statements.

(c) In order to be qualifying, experience obtained pursuant to Section 5095 of the Business and Professions Code must be supervised by a person holding a valid license or comparable authority to provide attest services as specified in subdivision (b) of Business and Professions Code Section 5095.

(1) Experience shall be verified by the supervisor and by a second person with a higher level of responsibility in the firm or agency. The verification shall be signed by both persons under penalty of perjury. If the experience is obtained in public accounting, the second person signing the verification shall be an owner of the firm holding a valid license or comparable authority to practice public accounting. If the owner of the public accounting firm signing the verification is also the person supervising the experience, no second signature is required.

(2) Experience may not be supervised by a licensee who provides public accounting services to the applicant's employer.

(d) In order to demonstrate the completion of qualifying experience, an applicant for or holder of a California Certified Public Accountant license may be required to appear before the Qualifications Committee to present work papers, or other evidence, substantiating that his or her experience meets the requirements of Section 5095 of the Business and Professions Code and of subsection (b) of this section.

(e) The applicant who is applying with attest experience obtained outside the United States and its territories must present work papers substantiating that such experience meets the requirements of subsection (b) and generally accepted auditing standards. Alternatively, the applicant may acquire a minimum of 500 hours of United States experience, which meets the requirements of Business and Professions Code Section 5095, and subsection (b).

(f) The applicant who is applying with experience obtained five ~~(5)~~ or more years prior to application may be required to complete 80 ~~obtain 48~~ hours of continuing education as described in Section 88. The continuing education shall be completed within the two years preceding the date of application or within two years following the date the applicant is notified by the Board his or her experience is five years or older. A minimum of XX hours of the 80 hours of continuing education shall be completed in: [INSERT ATTEST REQUIREMENT]

which shall include financial accounting standards, auditing standards, compilation and review, and other comprehensive basis of accounting; and to The applicant must submit the certificates of completion for the courses to the Board at the time of application or upon completion of the required continuing education.

(1) An applicant shall select continuing education consistent with the requirements of Sections 88, 88.1, and 88.2, which will contribute directly to his or her competence in public practice.

(g) The experience required by Section 5095 may be obtained in full-time or part-time employment.

NOTE: Authority cited: Sections 5010 and 5095, Business and Professions Code.
Reference: Section 5023, 5087, 5092, 5093, and 5095, Business and Professions Code.

CALIFORNIA BOARD OF ACCOUNTANCY REGULATIONS

88. Programs Which Qualify.

(a) The overriding consideration in determining whether a specific program qualifies as acceptable continuing education is that it be a formal program of learning which contributes directly to the professional competence of a licensee in public practice. It is the obligation of each licensee to select a course of study, consistent with the requirements of this section and Sections 88.1 and 88.2, which will contribute directly to his/her professional competence.

(1) Licensees shall complete a minimum of 50 percent of the required continuing education hours in the following subject areas: accounting, auditing, fraud, taxation, consulting, financial planning, ethics as defined in Section 87(b), regulatory review as defined in Section 87.8, computer and information technology (except for word processing), and specialized industry or government practices that focus primarily upon the maintenance and/or enhancement of the public accounting skills and knowledge needed to competently practice public accounting.

(2) Licensees may claim no more than 50 percent of the required number of continuing education hours in the following subject areas: communication skills, word processing, sales, marketing, motivational techniques, negotiation skills, office management, practice management, and personnel management.

(3) Programs in the following subject areas are not acceptable continuing education: personal growth, self-realization, spirituality, personal health and/or fitness, sports and recreation, foreign languages and cultures and other subjects which will not contribute directly to the professional competence of the licensee.

(4) A formal program of learning is an instructional activity that meets the requirements of Sections 88.1 and 88.2 or a course for which academic credit is granted by a university, college, or other institution of learning accredited by a regional or national accrediting agency.

(b) The following types of live presentation programs are deemed to qualify as acceptable continuing education provided the standards outlined in Section 88(a), Section 88.1, and Section 88.2 are maintained.

(1) Professional development programs of national and state accounting organizations.

(2) Technical session at meetings of national and state accounting organizations and their chapters which are designed as formal educational programs.

(3) University or college courses:

(i) Credit courses--each semester hour credit shall equal 15 hours toward the requirement. Each quarter hour credit shall equal 10 hours.

(ii) Non credit courses--each classroom hour will equal one qualifying hour.

(4) Other formal educational programs provided the program meets the required standards.

(c) Group Internet-Based Programs (Webcast): Programs that enable a licensee to participate from a computer in an interactive course presented by a live instructor at a distant location are qualifying, provided the program is based upon materials specifically developed for instructional use and meets the requirements of Section 88 (a), Section 88.1 and Section 88.2.

(d) Formal correspondence or other individual study programs are qualifying provided the program is based on materials specifically developed for instructional use and meets the

requirements of Section 88(a), Section 88.1, and Section 88.2, and the licensee receives a passing score. Self-study modules for national examinations that contribute to the professional competency of a licensee in public practice, such as the CERTIFIED FINANCIAL PLANNER™ Certification Examination or the Certified Management Accountant examination qualify as acceptable continuing education if the modules meet the above requirements.

(e) The credit as an instructor, discussion leader, or speaker will be allowed for any meeting or program provided that the session is one which would meet the continuing education requirements set forth in Section 88(a), Section 88.1, and Section 88.2. The credit allowed an instructor, discussion leader, or a speaker will be on the basis of actual presentation hours, plus up to two additional hours for actual preparation time for each hour taught. The maximum credit for such preparation and teaching will not exceed 50 percent of the renewal period requirement. For repeat presentations, an instructor shall receive no credit unless the instructor can demonstrate that the program content was substantially changed and that such change required significant additional study or research. Credit for licensees attending, not as instructors, discussion leader, or speakers, is limited to the actual meeting time.

(f) Credit may be allowed by the Board for the following activities:

(1) Writing published articles and books provided the publisher is not under the control of the licensee, and the article and/or book would contribute to his/her professional competence.

(2) Writing instructional materials for any continuing education program which meets the requirements of Section 88(a), Section 88.1, and Section 88.2,

(3) Writing questions for the Uniform Certified Public Accountant Examination. The maximum credit allowed under this subsection (subsection f) shall not exceed 25 percent of the renewal period requirement.

88.1. Provider Requirements.

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) the provider of the live presentation program must:

(1) Require attendance and retain for a period of six years a record of attendance that accurately assigns the appropriate number of contact hours for participants including those who arrive late or leave early.

(2) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.

(3) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of six years. The amount of credit reflected on the certificate of completion shall be calculated in accordance with Section 88.2(a). The certificate of completion must delineate the subject areas, as described in Section 88(a)(1) and (2), for which the licensee may claim credit.

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), the provider of the Group Internet-Based Program (Webcast) must be in compliance with requirements below:

(1) Require and monitor attendance throughout the program by using attendance monitoring devices such as polling, questions, or surveys. The program shall include a minimum of two monitoring events each half hour, at least one of which occurs at an irregular interval.

- (2) Have a live instructor while the program is being presented and a feature allowing participants to send questions/comments directly to the instructor and receive answers during the program.
- (3) Retain for a period of six years a record of attendance that accurately assigns the appropriate number of participation hours for participants.
- (4) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.
- (5) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course. Satisfactory completion shall at a minimum require responding to at least 75 percent of the monitoring events described in Section 88.1(b)(1) during the period for which continuing education credit is being granted. Retain records of licensees receiving certificates of completion for a period of six years. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(b). The certificate of completion must delineate the subject areas, as described in Section 88(a)(1) and (2), for which the licensee may claim credit.
- (6) Have a written policy to address rescheduling and the granting of partial credit in the event of a technology failure, and make that policy available to the Board upon request.

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(c) the sponsor of the self-study course must:

- (1) Retain for a period of six years written educational goals and specific learning objectives, as well as a syllabus, which provides a general outline, instructional objectives, and a summary of topics for the course. A copy of the educational goals, learning objectives, and course syllabus shall be made available to the California Board of Accountancy upon request.
- (2) Issue a certificate of completion, with verification certified by a program provider representative such as a signature or seal, to each licensee upon satisfactory completion of the course and retain records of licensees receiving certificates of completion for a period of six years. The amount of credit shall be displayed on the certificate of completion and shall be calculated in accordance with Section 88.2(c). The certificate of completion must delineate the subject areas, as described in Section 88(a)(1) and (2), for which the licensee may claim credit.

88.2. Program Measurements.

(a) Live Presentation

In order to qualify as acceptable continuing education under Section 88(b) a live presentation program must:

- (1) Be measured in 50-minute class hours. A program must be at least one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments in which individual segments are less than 50 minutes, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.
- (2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a course be comprised of multiple subject areas as described in Section

88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for live presentation under Section 88.1(a).

(b) Group Internet-Based Program (Webcast)

In order to qualify as acceptable continuing education under Section 88(c), a Group Internet- Based Program (Webcast) must:

(1) Be measured by actual program length in 50-minute class hours. A program must be a minimum of one 50-minute class hour in length to be acceptable continuing education. For a program composed of several segments, the sum of the segments, in increments not less than 25 minutes, may be added together to equal a full 50-minute class hour. For a program that is longer than one 50-minute class hour, credit shall be granted for additional 25-minute segments (one-half of a 50-minute class hour). Only class hours or the equivalent (and not participant hours devoted to preparation or study time) will be used to measure the hours of continuing education.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one 50-minute class hour. Should a course be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Meet the provider requirements for Group Internet-Based Program (Webcast) under Section 88.1(b).

(c) Self-Study

In order to qualify as acceptable continuing education under Section 88(d), any self-study course, whether in electronic or paper text format, must:

(1) Grant continuing education credit equal to the average completion time if the self-study course is designed to use learning methodologies that simulate a classroom learning process by employing significant ongoing interactive feedback to the participant regarding his/her learning progress. These courses clearly define lesson objectives and manage the participant through the learning process by (A) requiring frequent participant response to questions that test for understanding of the material presented, (B) provide evaluated feedback to incorrectly answered questions, and (C) reinforcement feedback to correctly answered questions. Evaluated feedback means a response specific to each incorrect answer to the study questions that explains why the particular answer is wrong, as each one is likely to be wrong for a different reason. Reinforcement feedback means a response to the correct answer of the study questions that restates and explains why the answer selected was correct.

(2) Any program designed pursuant to Section 87(b) must be a minimum of one class hour. Should a program be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) must be a minimum of one 50-minute class hour.

(3) Require a passing score on a test given at the conclusion of the course.

(3) Any self-study program or component designed pursuant to Section 87(b) shall require a 90 percent passing score on a test given at the conclusion of the course. Should a program be comprised of multiple subject areas as described in Section 88(a)(1), those components specific to Section 87(b) shall require a 90 percent passing score on a test given at the conclusion of the component specific to Section 87(b) or at the conclusion of the course.

(4) Meet the provider requirements for self-study under Section 88.1(c).



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ATTACHMENT 5

48-HOUR CONTINUING EDUCATION PATTERN (ATTEST)

The following 48-hour core course continuing education pattern must be obtained from subject areas identified as:

Financial Accounting Standards:	
A Comprehensive Review Course	16 hours
Auditing Standards:	
A Comprehensive Review Course	16 hours
Compilation and Review:	
Basic Review and Update	8 hours
Other Comprehensive Basis of Accounting	8 hours

Certificates of Completion must be submitted for all courses completed.

FOR AN APPLICANT WHOSE RE-ISSUED CERTIFICATE WILL AUTHORIZE SIGNING AUTHORITY ON ATTEST ENGAGEMENTS, COURSES IN THE FOLOWING SUBJECT AREAS ARE REQUIRED:

Financial Accounting Standards: Comprehensive Review Course (16 hours)	Auditing Standards: Comprehensive Review Course (16 hours)	Compilation and Review: Basic Review and Update (8 hours)	Other Comprehensive Basis of Accounting (OCBOA) (8 hours)
<p>The following topics should be included in a comprehensive review course of financial accounting standards:</p> <ul style="list-style-type: none"> ❖ Performing accounting research ❖ Meeting disclosure requirements ❖ Problems in rarely encountered transactions ❖ Meaning of Generally Accepted Accounting Principles (GAAP) ❖ Balance sheet and income statement ❖ Statement of owner’s equity and accounting changes and cash flows and cash presentation ❖ Reporting on receivables and financial instrument disclosures; investments, property, plant and equipment, and non-monetary exchanges; intangibles and research and development costs; payables and accruals; long-term debt and contingencies; leases; stockholder’s equity ❖ Accounting for leases; income taxes; pensions and other post-retirement benefits; stockholder’s equity 	<p>The following topics should be included in a comprehensive review course of auditing standards:</p> <ul style="list-style-type: none"> ❖ Learn to plan audits more effectively ❖ Related control risk to substantive testing ❖ Meet auditing standards efficiently ❖ Reduce the risk of law suits ❖ Document work performed ❖ Perform auditing research 	<p>The following topics should be included in a basic review and update of compilation and review:</p> <ul style="list-style-type: none"> ❖ Standards/interpretations of Statements on Standards for Accounting and Review Services (SSARS) ❖ Services performed for clients that do not require a report ❖ Financial statements defined ❖ Objectives and procedures of compilation and review engagements ❖ Issuing comparative financial statements ❖ Discussion of updates and American Institute of Certified Public Accountants (AICPA) “alerts” including computer-generated financial statements ❖ Reporting on GAAP vs. OCBOA financial statements ❖ Reporting on a prescribed form ❖ Disclosures required and selected information ❖ Common errors made by practitioners in compilation and review engagements 	<p>The following topics should be included in an OCBOA course:</p> <ul style="list-style-type: none"> ❖ OCBOA financial statements defined ❖ Accounting and disclosure requirements ❖ Special technical problems in preparing cash and tax basis financial statements ❖ Reporting on OCBOA financial statements ❖ Management issues and concerns ❖ External users issues and concerns



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48-HOUR CONTINUING EDUCATION PATTERN (GENERAL)

The following 48-hour core course continuing education general pattern must be obtained from subject areas identified as:

General Accounting:	40 hours
Other Comprehensive Basis of Accounting:	8 hours

Certificates of Completion must be submitted for all courses completed.

FOR AN APPLICANT WHOSE RE-ISSUED CERTIFICATE WILL NOT AUTHORIZE SIGNING REPORTS ON ATTEST ENGAGEMENTS, COURSES IN THE FOLOWING SUBJECT AREAS ARE REQUIRED:

General Accounting	Other Comprehensive Basis of Accounting (OCBOA)
<p>The following topics may be included when completing the general accounting continuing education courses:</p> <ul style="list-style-type: none"> ❖ Performing accounting research ❖ Meeting disclosure requirements ❖ Problems in rarely encountered transactions ❖ Meaning of Generally Accepted Accounting Principles (GAAP) ❖ Balance sheet and income statement ❖ Statement of owner’s equity and accounting changes and cash flows and cash presentation ❖ Reporting on receivables and financial instrument disclosures; investments, property, plant and equipment, and non-monetary exchanges; intangibles and research and development costs; payables and accruals; long-term debt and contingencies; leases; stockholder’s equity ❖ Accounting for leases; income taxes; pensions and other post-retirement benefits; stockholder’s equity 	<p>The following topics should be included in an OCBOA course:</p> <ul style="list-style-type: none"> ❖ OCBOA financial statements defined ❖ Accounting and disclosure requirements ❖ Special technical problems in preparing cash and tax basis financial statements ❖ Reporting on OCBOA financial statements ❖ Management issues and concerns ❖ External users issues and concerns