



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY
2000 EVERGREEN STREET, SUITE 250
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting
Notice & Agenda**

**Wednesday, July 30, 2014
12:30 p.m. – 5:00 p.m.**

Hotel Irvine Jamboree Center
17900 Jamboree Road
Irvine, California 92614
Telephone: (888) 230-4452

Roll Call and Call to Order (**Maurice Eckley, Chair**).

- I. Chairperson's Report (**Maurice Eckley**).
 - A. Approval of the April 23, 2014, Minutes.
 - B. Proposed 2015 QC Meeting Dates.
- II. Report of the CBA Liaison (**K.T. Leung, CBA Member**).
 - A. Report on the May 29-30 and July 24, 2014 CBA Meetings.
- III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
- IV. Public Comment for Items Not on the Agenda.
Break.
- V. Conduct Closed Hearings [The QC will meet in closed session as authorized by Government Code sections 11126(c)(2) and (f)(3), and BPC section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]
Adjournment.

Please note: Action may be taken on any item on the agenda. All times are approximate. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the QC are open to the public. Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the QC prior to the QC taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the QC, but the QC Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the QC to discuss items not on the agenda; however, the QC can neither discuss nor take official action on these items at the time of the same meeting. (Government Code sections 11125,

11125.7(a).)

The time and order of agenda items are subject to change at the discretion of the QC Chair and may be taken out of order.

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Kathryn Kay at (916) 561-1742, or by email at kathryn.kay@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Kathryn Kay, Licensing Coordinator
(916) 561-1742 or kathryn.kay@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at <http://www.dca.ca.gov/cba/calendar.shtml>.

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QC Item I.A.
July 30, 2014

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

MINUTES OF THE
April 23, 2014
QUALIFICATIONS COMMITTEE (QC) MEETING

California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815-3832
Telephone: (916) 263-3680
Facsimile: (916) 263-3675

The regularly scheduled meeting of the QC was called to order at approximately 10:34 a.m. on April 23, 2014, by QC Chair, Maurice Eckley, Jr.

QC Members

Maurice Eckley, Jr., Chair
Robert Ruehl, Vice Chair
Jenny Bolsky
David Evans
Tracy Garone
Chuck Hester – Absent
Fausto Hinojosa
Kristina Mapes
Casandra Moore Hudnall
Alan Lee
David Papotta
Erin Sacco Pineda – Absent
Jeremy Smith

CBA Staff

Patti Bowers, Executive Officer
Veronica Daniel, Licensing Manager
Dominic Franzella, Chief, Licensing Division
Kathryn Kay, Licensing Coordinator

I. Chairperson's Report.

Mr. Eckley welcomed Ms. Tracy Garone, Mr. David Evans, and Mr. David Papotta to the QC. He added that an orientation was held for the new members and they were provided an overview of the CBA and information on the overall purpose of the QC.

Mr. Eckley noted that Mr. Hester was reappointed to the QC and that Mr. Cates and Mr. Fisher have retired from the committee.

A. Approval of the October 23, 2013 QC Meeting Minutes.

It was moved by Ms. Bolsky, seconded by Ms. Mapes and unanimously carried by those present to adopt the minutes of the October 23, 2013 QC meeting.

B. Approval of the January 22, 2014 QC Meeting Minutes.

It was moved by Ms. Bolsky, seconded by Ms. Mapes and carried by those present to adopt the minutes of the January 22, 2014 QC meeting. Mr. Hinojosa abstained.

II. Report of the CBA Liaison.

A. Report on the January 23-24 and March 20-21, 2014, CBA Meetings.

Mr. Franzella reported the CBA's current Fiscal Year (FY) budget is now set at \$11,557,852, which is slightly reduced from the previous figure reported in the first-quarter financial statement. He stated this change is mainly due to delays in BreEze expenditures and increases in employee compensation. He further stated the 2014-2015 CBA budget has been preliminarily set at \$13,413,000 which is an increase of \$1.86 million over the last fiscal year, with the majority of the increase due to additional Budget Change Proposal positions.

Mr. Franzella highlighted that the new Mobility Stakeholder Group (MSG) held their inaugural meeting and adopted their policies, procedures and approved agenda items for the next MSG meeting. Mr. Franzella added MSG's purpose is to consider whether the practice privilege provisions are consistent with the CBA's duty to protect the public and to consider whether the mobility law satisfies the objectives of stakeholders of the accounting profession.

Mr. Franzella reported that in order to assist the CBA in future deliberations regarding California's attest experience requirement, the CBA recently approved survey questions to obtain information from other state boards of

accountancy regarding attest experience requirements in effect in other states. The survey will be conducted online.

Mr. Hinojosa inquired how to provide comments regarding CBA discussion on the elimination of the attest experience requirement in California.

Mr. Franzella responded that the Committee on Professional Conduct (CPC) is presently discussing this topic and that comments can be sent to staff to forward to the CPC.

Mr. Franzella stated the CBA took positions on various bills, including Assembly Bill (AB) 2165, which would impose timeframes for the licensure process. He added the CBA's position letter can be found on the CBA website.

Mr. Franzella added that the next CBA meeting will be held in Los Angeles on May 29-30, 2014, at the Hilton Los Angeles Airport.

Mr. Eckley inquired whether a vehicle exists to submit comments and questions online to CBA members during meetings.

Mr. Franzella responded that staff is presently exploring ways to make CBA webcasts more interactive. He highlighted the CBA presently uses various social media outlets during CBA meetings to highlight meeting topics and to provide a forum for participation.

III. Overview of the Newly Developed Committee Member Resource Guide (March 2014).

Mr. Franzella provided an overview of this item. He stated the new Committee Member Resource Guide was developed in March to establish a centralized resource for various CBA committee members and to serve as the foundation in new member orientation. He added the QC Manual was revised to remove duplicative information. Mr. Franzella encouraged members to review the revised QC Manual and to contact staff with any questions, comments or suggestions related to improving this document.

IV. Report on the Activities of the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. She reported the Initial Licensing Unit (ILU) has started to see a decrease in the total number of applications received for initial CPA licensure. She highlighted that in January 2014, the total number of applications was still above average (428 received), but it is down considerably from December 2013 (748 received).

Ms. Daniel stated that in February 2014, the ILU received its first batch of initial applications for CPA licensure from individuals applying under the new educational requirements.

Ms. Daniel reported that on February 4, 2014, Mr. Franzella spoke at the California Society of CPAs Sacramento Chapter Student Luncheon. She added the engagement took place at California State University, Sacramento and was titled “2014 Education Requirements for CPA Licensure.”

Ms. Daniel reported that the ILU is presently recruiting to fill an Office Technician position.

V. Public Comment for Items Not on the Agenda.

Ms. Bowers welcomed the newly appointed members and thanked all members for their continued commitment and service to the CBA.

VI. Review on Individual Applicants [Closed session in accordance with Government Code section 11126(c)(2), and Business and Professions Code sections 5022 and 5023.]

The QC conducted its annual internal audit of randomly selected staff approved applications for licensure. A total of 3,982 files were approved from July 1, 2013 through March 31, 2014. The QC reviewed 99 files and concurred with all staff application approvals.

VII. CONDUCT CLOSED HEARINGS [Closed session in accordance with Government Code section 11126(c)(2) and (f)(3), and Business and Professions Code section 5023 to conduct closed hearings to interview individual applicants for CPA licensure.]

C13-034 – The applicant appeared and presented work papers from his public accounting experience. He has 92.25 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

The employer’s understanding of the Certificate of Attest Experience (CAE) was adequate and the firm was removed from reappearance status. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-019 – The applicant and her employer appeared with work papers from her government accounting experience. She has 24 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

Recommendation: Defer. The employer's understanding of the CAE was inadequate. The content of the work papers provided did not include audit engagements. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must obtain, at a minimum 500 hours of qualifying experience that will enable her to demonstrate an understanding of the requirements of planning and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether she will be required to reappear with work papers for the QC's review. The employer has been placed on reappearance.

C14-020 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 47.75 months of experience, with a 12-month experience requirement.

The employer's understanding of the CAE was adequate. The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure. There was no conflict of interest.

Recommendation: Approve.

The following Section 69 reviews took place on April 16, 2014, and are made a part of these minutes.

C14-017 – The applicant appeared and presented work papers from her foreign public accounting experience. She has 45.25 months of experience, with a 24-month experience requirement.

The work performed by the applicant was reviewed and no deficiencies were noted. The work was adequate to support licensure.

Recommendation: Approve.

C14-018 – The applicant appeared and presented work papers from her government experience. She has 12 months of experience, with a 12-month experience requirement.

Recommendation: Defer. The content of the work papers provided did not include evidence of reporting on full disclosure statements. In order to satisfy the experience requirement for authorization to sign attest reports, the applicant must reappear with a complete set of work papers substantiating her ability to demonstrate an understanding of the requirements of planning

and conducting a financial statement audit resulting in an opinion on full disclosure financial statements. Any new experience must be obtained under the supervision of a licensee authorized to sign attest reports on attest engagements and an affirmative CAE must be submitted. A determination will then be made as to whether she will be required to reappear with work papers for the QC's review.

As a result of the review, the applicant requested licensure with general accounting experience.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 11:01 A.M. on April 23, 2014. The next meeting of the QC will be held on July 30, 2014 at the Irvine Hilton.

Maurice Eckley, Jr., Chair

Prepared by: Kathryn Kay, Licensing Coordinator



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QC Item I.B.
July 30, 2014

Proposed 2015 QC Meeting Dates

Presented by: Maurice Eckley, QC Chair

Date: July 7, 2014

Purpose of the Item

The purpose of this item is to provide the Qualifications Committee (QC) with proposed meeting dates for 2015. **Attached** is a California Board of Accountancy (CBA) 2015 Meeting Dates/Locations calendar for reference.

Action(s) Needed

The QC may choose to adopt or modify the 2015 QC meeting dates.

Background

None.

Comments

The proposed QC meeting dates for 2015 are:

- January 21, 2015 Southern California
- April 22, 2015 Northern California
- July 29, 2015 Southern California
- October 21, 2015 Northern California

Fiscal/Economical Impact Considerations

None.

Recommendation

Staff recommends the QC adopt or modify the proposed dates. After adoption, the dates will be submitted to the CBA for approval.

Attachment

CBA 2015 Meeting Dates/Locations Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)
2015 MEETING DATES/LOCATIONS CALENDAR**

JANUARY 2015

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21 SC	22 SC	23 SC	24
25	26	27	28	29	30	31

FEBRUARY 2015

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

MARCH 2015

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19 NC	20 NC	21
22	23	24	25	26	27	28
29	30	31				

APRIL 2015

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22 NC	23	24	25
26	27	28	29	30		

MAY 2015

S	M	T	W	Th	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28 SC	29 SC	30
31						

JUNE 2015

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY 2015

S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23 NC	24	25
26	27	28	29 SC	30	31	

AUGUST 2015

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER 2015

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17 SC	18 SC	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER 2015

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21 NC	22	23	24
25	26	27	28	29	30	31

NOVEMBER 2015

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19 NC	20 NC	21
22	23	24	25	26	27	28
29	30					

DECEMBER 2015

S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

COMMITTEES
 EAC - Enforcement Advisory Committee
 PROC - Peer Review Oversight Committee
 QC - Qualifications Committee

GENERAL LOCATION
 NC-NORTHERN CALIFORNIA
 SC-SOUTHERN CALIFORNIA

 CBA OFFICE CLOSED
 CBA MEETING
 QC MEETING

**California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of June 30, 2014**

Initial Licensing Unit (ILU) Statistics

Individual License Applications	FY 2011/12	FY 2012/13	FY 2013/14
CPA Licensure Applications Received by Type¹			
Type A	2,969	3,036	3,826
Type B	151	206	219
Type C	392	329	466
Type D	68	54	52
Type E	14	29	37
Total Received	3,594	3,654	4,600
Total Processed	3,241	3,474	4,906
Average Days to Process	15	25	24
Method of Licensure			
Pathway 0 ²	12	4	0
Pathway 1 – attest	405	416	522
Pathway 1 – general	499	543	824
Pathway 2 – with attest	795	756	928
Pathway 2 – without attest	1,530	1,755	2,560
New Requirements – attest	--	--	17
New Requirements – general	--	--	55

¹ Application Type

² Although uncommon, the CBA does have occasion to issue licenses under Pathway 0 due to the reissuance process.

California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of June 30, 2014

Firm License Applications	FY 2011/12	FY 2012/13	FY 2013/14
Corporation			
Total Received	257	221	210
Total Processed	223	174	200
Average Days to Process	8	14	17
Partnership			
Total Received	125	89	91
Total Processed	106	70	92
Average Days to Process	8	14	17
Fictitious Name Permit			
Total Received	178	169	183
Total Processed	156	105	139
Average Days to Process	8	14	17

Customer Service	FY 2011/12	FY 2012/13	FY 2013/14
Telephone Calls Received	19,399	24,006	27,889
Emails Received	7,913	9,670	14,098
Certifications			
Total Received	1,237	1,073	1,039
Total Processed	1,237	1,073	972
Average Days to Process	20	20	22

Initial Licensing Unit

- The Initial Licensing Unit (ILU) continues its efforts toward implementation of the reduction in licensing fees, which took effect July 1, 2014. CBA website information and documents, as well as current internal processes have been updated accordingly.
- The ILU continues to see an increase in the volume of initial applications received from individuals applying under the new educational requirements. As there is an increased review time associated with evaluating experience under the new requirements, streamlined internal processes have been implemented in efforts of maintaining current processing timeframes.

California Board of Accountancy
Report on the Activities for the Initial Licensing Unit
As of June 30, 2014

- On May 15, 2014, Dominic Franzella, Licensing Division Chief, and Veronica Daniel, ILU Manager, attended an annual meeting of the accounting department at Cosumnes River College. At the meeting, Mr. Franzella and Ms. Daniel provided information on the current discussions before the CBA, as well as, information regarding the new educational requirements for CPA licensure.
- The ILU is presently recruiting to fill one Office Technician (OT) position and one RA Staff Services Analyst (SSA) position.