



DEPARTMENT OF CONSUMER AFFAIRS  
CALIFORNIA BOARD OF ACCOUNTANCY  
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**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
QUALIFICATIONS COMMITTEE (QC)**

**QC Meeting  
Notice & Agenda**

**Wednesday, July 29, 2015  
10:00 a.m. – 5:00 p.m.**

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

**Important Notice to the Public**

All times indicated, other than those identified as “time certain,” are approximate and subject to change. Agenda items may be discussed and action taken out of order at the discretion of the committee Chair. The meeting may be cancelled without notice. For verification of the meeting, call (916) 263-3680 or access the CBA’s website at [www.cba.ca.gov](http://www.cba.ca.gov).

Roll Call and Call to Order (**Robert Ruehl, Chair**).

- I. Chairperson’s Report (**Robert Ruehl**).
  - A. Approval of the April 22, 2015, QC Minutes.
  - B. Proposed 2016 QC Meeting Dates.
  - C. Discussion and Review of the QC Best Practices Guide for Conducting Personal Appearances/Section 69 Reviews.
- II. Report of the CBA Liaison (**Kay Ko, CBA Member**).
  - A. Report on the May 28-29 and July 22-23, 2015 CBA Meetings.
- III. Report on Activities for the Initial Licensing Unit (**Veronica Daniel, Licensing Manager**).
- IV. Public Comment for Items Not on the Agenda.
- V. Review Files on Individual Applicants [The QC will meet in closed session to review and deliberate on applicant files as authorized by Government Code section 11126(c)(2), and Business and Professions Code (BPC) sections 5022 and 5023.]

Break.

- VI. 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 Ben Simcox at (916) 561-1743, or by email at [ben.simcox@cba.ca.gov](mailto:ben.simcox@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:

Ben Simcox, CPA, Licensing Coordinator  
(916) 561-1743 or [ben.simcox@cba.ca.gov](mailto:ben.simcox@cba.ca.gov)  
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An electronic copy of this agenda can be found at [www.cba.ca.gov](http://www.cba.ca.gov).

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**QC Item I.A.**

July 29, 2015

**DEPARTMENT OF CONSUMER AFFAIRS (DCA)  
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)****MINUTES OF THE  
April 22, 2015  
QUALIFICATIONS COMMITTEE (QC) MEETING**

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

The regularly scheduled meeting of the QC was called to order at 12:41 p.m. on April 22, 2015, by QC Chair, Robert Ruehl.

**QC Members**

Robert Ruehl, CPA, Chair  
Jenny Bolsky, CPA, Vice-Chair  
Eric Borigini, CPA  
Saboochi Currim, CPA  
David Evans, CPA  
Tracy Garone, CPA – Absent  
Kristian George, CPA  
Chuck Hester, CPA  
Casandra Moore Hudnall, CPA  
Jose Palma, CPA  
David Papotta, CPA  
Nasi Raissian, CPA  
Erin Sacco Pineda, CPA  
Nasi Raissian, CPA  
Jeremy Smith, CPA  
Kimberly Sugiyama, CPA

**CBA Members**

Kathleen Wright, CPA, CBA Member, QC Liason (Northern California)

**CBA Staff**

Patti Bowers, Executive Officer (EO)

Deanne Pearce, Assistant EO  
Veronica Daniel, Licensing Manager  
Ben Simcox, Licensing Coordinator  
Janet Zimmer, Licensing Coordinator

I. Chairperson's Report.

Mr. Ruehl welcomed the QC Members and CBA member Kathleen Wright to the meeting. Mr. Ruehl stated that Ms. Wright was appointed to serve as the Northern California CBA member liaison to the QC. Mr. Ruehl took the roll-call and asked that each member introduce themselves including the four new QC members, Mr. Borigini, Ms. Currim, Ms. George and Mr. Palma.

**At this time, QC members heard agenda item III.**

A. Discussion and Review of the QC Best Practices Guide for Conducting Personal Appearances/Section 69 Reviews.

Mr. Ruehl stated that given the length of time since the QC Best Practices Guide for Conducting Personal Appearances/Section 69 Reviews (Best Practices) were approved and with new members being appointed to the QC, it is appropriate to review the Best Practices and determine whether any updates are needed.

Mr. Ruehl provided the QC with a brief overview of the Best Practices document along with the attachments (Best Practices for Conducting Personal Appearances/Section 69 Reviews and the Certificate of Attest Experience (Public Accounting)) that are used to conduct the Personal Appearances and Section 69 reviews. It was determined that this item be continued at the next QC Meeting to discuss any recommendations for revisions to the Best Practices.

B. Approval of the January 21, 2015 QC Meeting Minutes.

**It was moved by Mr. Hester and seconded by Ms. Bolsky to approve the minutes of the January 21, 2015 QC Meeting.**

**Yes: Mr. Ruehl, Ms. Bolsky, Mr. Borigini, Mr. Evans, Ms. George, Mr. Hester, Ms. Moore-Hudnall, Mr. Palma, Mr. Papotta, Ms. Raissian, Mr. Smith and Ms. Sugiyama**

**No: None**

**Abstain: Ms. Currim and Ms. Sacco Pineda**

**Absent: Ms. Garone**

**The motion passed.**

II. Report of the CBA Liaison.

A. Report on the January 22, 2015 & March 19-20, 2015, CBA Meetings.

Ms. Wright provided a report for this item.

Ms. Wright reported that prior to the start of the January CBA meeting, a training was held for committee chairs and vice-chairs. The training provided an opportunity to discuss the roles of the committee chair and vice-chairs and provide information on how to conduct meetings in accordance with the Bagley Keene Open Meeting Act.

Ms. Wright stated that the CBA reappointed Robert Ruehl and Jeremy Smith to the Qualifications Committee.

Ms. Wright also reported that an overview was provided of the revisions to the CBA Member Guidelines and Procedures Manual. The revisions included:

- The new process regarding voting on motions
- Inclusion of the Defensive Drivers Training Requirement
- Updated travel information

Ms. Wright reported that the CBA adopted proposed changes to Title 16, California Code of Regulations, Division 1, section 12 and 12.1, allowing applicants to use experience in academia as qualifying experience for certified public accountant licensure.

Ms. Wright reported that the CBA approved the survey for the study of California's attest experience requirement and asked staff to amend the Introduction to include a statement that clearly states the results will not be individually identifiable.

Ms. Wright also reported that the CBA also approved a timeline for conducting the study of California's attest experience requirement. The timeline will:

- Provide a minimum of four months to receive responses from participants of the survey
- Provide the CBA with almost all of 2016 to deliberate the attest experience requirement to determine what, if any, changes are needed
- Allow the CBA to perform follow-up procedures and

- Time to discuss the possibility of modifying the attest experience requirement with stakeholders

Ms. Wright reported that at the March CBA Meeting the National Association of State Boards of Accountancy provided a presentation regarding possible changes to the Uniform CPA Exam, as a result of the practice analysis that it is presently conducting.

Ms. Wright reported that the CBA approved the 2016 CBA meeting dates.

Ms. Wright reported that the CBA appointed Mr. Borigini, Ms. Currim, Ms. George and Mr. Palma to the Qualifications Committee.

Ms. Wright reported that in order to ensure that the CBA will have the financial resources it needs to carry out its mission of consumer protection, the CBA approved an increase in the biennial renewal and initial permit fee to \$200. A regulatory hearing will be conducted at the May CBA meeting and it is anticipated that the restoration of fee levels will be effective July 2016.

Ms. Wright provided an overview of the bills that the CBA took positions on:

- AB 85 – Oppose. AB 85 would specify that a two-member committee is a “state body” and subject to the full provisions of the Bagley-Keene Open Meeting Act.
- SB 8 – Watch. SB 8 seeks to update California’s tax system to include taxes on information and services, including accounting and tax preparation fees.
- SB 467– Support. SB 467 will extend the CBA’s Sunset date to January 1, 2020 and will be amended to also include the CBA’s legislative proposal for permanent practice restrictions, which will provide it with the authority to include permanent practice restrictions as a part of a final disciplinary order.
- SB 799 – Support. SB 799 is the annual omnibus bill. The Senate Business, Professions and Economic Development Committee accepted two of the CBA’s legislative proposals including, a clarification on restoration requirements of a license placed in retired status and a second proposal regarding reciprocity, which recasts and strengthens the requirement for an out-of-state licensee applicant by changing the requirement from holds a “valid and unrevoked” license to hold a “current, active, and unrestricted” license.

Ms. Wright reported that the next CBA meeting will be held on May 28-29, 2015 in Los Angeles.

### III. Report on the Activities of the Initial Licensing Unit.

Ms. Daniel provided an overview of this item. Ms. Daniel noted that the current processing time for individual CPA applicants is 22 days. Ms. Daniel noted that Janet Zimmer was recently appointed as Initial Licensing Unit Coordinator. Ms. Daniel stated that the Initial Licensing Unit (ILU) staff is currently working towards implementation of the next phase of the Attest Study. Currently the ILU staff is working on the outreach items in preparation for the testing phase of the Attest Study which is set to launch to target audiences this Spring.

Ms. Daniel concluded her report by asking for any questions or comments.

Mr. Reuhl noted that there is still a gap between the large number of applicants seeking licensure with general experience versus attest experience. Mr. Ruehl also noted that applicants who passed the CPA exam prior to January 1, 2014, will no longer be able to apply for CPA licensure through Pathway 1 and Pathway 2 on December 31, 2015. As of January 1, 2016, all pending and future applicants will be subject to the current educational requirements. Ms. Daniel noted that the deadline for the pathways could possibly mean an up-tick of applications received in the fourth quarter of 2015.

IV. Public Comment for Items Not on the Agenda.

None.

V. 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 interview individual applicants for CPA licensure.]

C15-009 – The applicant appeared due to government experience and presented work papers. She has 18.75 months of experience, with a 12-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.

C15-010 – The applicant and his employer appeared due to a family relationship and presented work papers from his public accounting experience. He has 46.75 months of experience, with a 24-month experience requirement.

The employer's understanding of the Certificate of Attest Experience (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.

C15-011 – The applicant and her employer appeared and presented work papers from her public accounting experience. She has 18.75 months of experience, with a 12-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.

Note: The employer's understanding of the CAE was inadequate. The employer inaccurately prepared the CAE, was aware of the error, but neglected to correct the error.

The employer has been placed on reappearance.

**The following Section 69 reviews took place on April 29, 2015, and are made a part of these minutes.**

C15-012 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 72.25 months of experience, with a 12-month experience requirement. He is currently licensed with general experience.

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.

Recommendation: Approve.

C15-013 – The applicant appeared and presented work papers from her public accounting experience. She has 49.25 months of experience, with a 12-month experience requirement. She is currently licensed with general experience.

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

Recommendation: Approve.

C15-014 – The applicant and his employer appeared and presented work papers from his public accounting experience. He has 45.75 months of experience, with a 12-month experience requirement. He is currently licensed in another state.

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.

Recommendation: Approve.

Adjournment.

There being no further business to be conducted, the meeting was adjourned at approximately 3:30 p.m. on April 22, 2015. The next meeting of the QC will be held on July 29, 2015 in Southern California.

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Robert Ruehl, CPA, Chair

Prepared by: Ben Simcox, ILU Coordinator



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**QC Item I.B.**  
July 29, 2015

## **Proposed 2016 Qualifications Committee Meeting Dates**

**Presented by:** Robert Ruehl, CPA, Chair, Qualifications Committee

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### **Purpose of the Item**

The purpose of this item is to provide the Qualifications Committee (QC) with proposed meeting dates for 2016. A copy of the California Board of Accountancy (CBA) 2016 Meeting Dates/Locations calendar is provided for reference (**Attachment**).

### **Action(s) Needed**

The QC may choose to adopt or modify the 2016 QC meeting dates.

### **Background**

None.

### **Comments**

The proposed QC meeting dates for 2016 are:

- January 20, 2016            Southern California
- April 20, 2016            Northern California
- July 27, 2016             Southern California
- October 19, 2016         Northern California

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Action and 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 2016 Meeting Dates/Locations Calendar

**CALIFORNIA BOARD OF ACCOUNTANCY (CBA)  
2016 MEETING DATES/LOCATIONS CALENDAR  
(CBA MEMBER COPY)**

**JANUARY 2016**

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 SC	21 SC	22 SC	23
24	25	26	27	28	29	30
31						

**FEBRUARY 2016**

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					

**MARCH 2016**

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

**APRIL 2016**

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 NC	21	22	23
24	25	26	27	28	29	30

**MAY 2016**

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 SC	20 SC	21
22	23	24	25	26	27	28
29	30	31				

**JUNE 2016**

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 2016**

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 SC	28	29	30
31						

**AUGUST 2016**

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 2016**

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

**OCTOBER 2016**

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	21	22
23	24	25	26	27	28	29
30	31					

**NOVEMBER 2016**

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

**DECEMBER 2016**

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

**GENERAL LOCATION**  
NC-NORTHERN CALIFORNIA  
SC-SOUTHERN CALIFORNIA

 CBA OFFICE CLOSED  
 CBA MEETING  
 QC MEETING



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**QC Item I.C.**  
July 29, 2015

## **Discussion and Review of the Qualifications Committee Best Practices for Conducting Personal Appearances/Section 69 Reviews**

**Presented by:** Veronica Daniel, Manager, Initial Licensing Unit

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### **Purpose of the Item**

The purpose of this agenda item is to provide an opportunity for the Qualifications Committee (QC) to continue its review of the Best Practices for Conducting Personal Appearances/Sections 69 Reviews (Best Practices) (**Attachment 1**).

### **Action(s) Needed**

No specific action is required on this agenda item.

### **Background**

The Best Practices were developed by the QC over an 18-month period and approved in October 2012, to serve as a framework to help guide members in conducting personal appearances/Section 69 reviews. The Best Practices are included as part of the QC Manual, which serves as a reference guide regarding the functions of the QC, the role of its members, and procedures for QC meetings. The QC Manual is provided to all new members of the QC and copies are made available for review/reference at all QC meetings.

At the April 22, 2015 QC meeting, members discussed the Best Practices to determine whether any modifications were needed. A few items were identified as areas that may need to be updated. It was recommended that this item be brought back before the QC in July to further discuss and validate any recommended edits.

### **Comments**

To assist the QC with its review, a copy of the Certificate of Attest Experience (Public Accounting) is being provided for reference (**Attachment 2**). Should the QC recommend updates to the Best Practices, staff will incorporate any necessary revisions for review and consideration at the October 21, 2015 QC meeting.

### **Fiscal/Economic Impact Considerations**

There are no fiscal/economic impact considerations.

### **Recommendation**

Staff does not have a recommendation on this agenda item.

## **Discussion and Review of the Qualifications Committee Best Practices for Conducting Personal Appearances/Section 69 Reviews**

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### **Attachments**

1. Best Practices for Conducting Personal Appearances/Section 69 Reviews
2. Certificate of Attest Experience (Public Accounting)

## **Best Practices for Conducting Personal Appearances/Section 69 Reviews**

The following is a framework developed by the QC to help guide members in conducting personal appearances/Section 69 reviews. As each review is unique, each situation should be handled on a case-by-case basis.

### **Personal Appearances/Section 69 Reviews**

1. Review Certificate of Attest Experience (CAE) form to identify which audit and experience to consider.
2. Request a copy of the audit reports.
3. Review audit report and determine what type of audit was performed.
4. Ask applicant about his/her role in performing the audit and preparing the financial statements.
5. Ask applicant to walk-through the working papers that supports the experience documented on the CAE.
6. Using the CAE and/or audit report as a reference, review several areas to determine if the working papers and/or report demonstrate that the applicant followed audit standards in the following areas:
  - Financial statements – look for adequate disclosures, completion of disclosure checklists
  - Audit report – look for appropriate language, completion of quality control documents to ensure the audit reports follow standards
  - Working papers – look for audit plan, audit programs that are signed off as completed and reviewed. Check to see that the applicant is the only preparer of the working paper and that the work was reviewed by a different person (preferably an audit partner, senior manager)
  - Planning materiality, tolerable misstatement
  - Fraud and material misstatement – look for brainstorming session and risk assessments, inquiries of management (assessing risk of material misstatement)
  - Risk assessment procedures – evaluating internal controls at significant account balances and significant transaction level
  - Test of effectiveness of internal controls – designing tests of controls, testing controls and evaluating results and how it impacts the substantive testing
  - Substantive testing – look for audit programs and supporting work in testing significant account balances such as cash, receivables, revenues, liabilities, journal entries, etc
  - Subsequent events, going concern
  - Management representation letters
  - Communication to those charged with governance letters, if applicable

### **Disputes between an Applicant and Supervisor/Firm**

1. Interview the signer alone and obtain an understanding regarding why they completed the form the way they did. This is in efforts of determining whether

## Best Practices for Conducting Personal Appearances/Section 69 Reviews

Page 2 of 2

the signer understands the questions on the form and understands their responsibility as supervisor.

2. Interview the applicant alone to understand why they believe their experience was adequate and why they believe their supervisor should have answered the questions in the affirmative.
3. Interview the signer and the applicant together while reviewing the attest working papers in an effort to understand the nature and quality of the work performed. The interview should resolve the following questions:
  - Did the applicant perform substantive work in all of the required experience areas?
  - Do the working papers support the applicant or the signer with respect to the nature, quality and amount of experience obtained by the applicant?
4. Excuse both the signer and the applicant and confer internally (chair and vice chair) regarding the evidence presented. Make one of the following decisions based on the review:
  - The signer completed the Certificate of Attest Experience (CAE) form with an adequate understanding of the experience requirements. The working papers do not materially contradict the signer's position.
  - The applicant has a valid complaint. The working papers along with the interview of the signer reveal that the signer does not have an adequate understanding of the experience requirements and the signer is holding the applicant to a level which is higher and beyond the requirements in the regulations.
  - If it is determined that the signer is holding the applicant to a higher standard than required under the regulations, then communicate this fact to the signer and jointly review the regulations with him/her. At this point the signer may decide to change their opinion regarding the applicant's experience and submit a revised CAE form with affirmative answers. In rare instances where the signer does not agree with the (chair and vice-chair) assessment, the matter would be referred to the CBA's Enforcement Division.



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**CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)**

This Form is to be **COMPLETED** and **MAILED** directly to the California Board of Accountancy (CBA) by the Employer

PRINT OR TYPE

FULL NAME OF APPLICANT: (No Initials) (First) _____ (Middle) _____ (Last) _____	SOCIAL SECURITY # (Last 4 only) XXX-XX-____
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**PERIOD OF EMPLOYMENT**

List the dates applicant was under your supervision and obtained qualifying experience, as defined below.

FULL TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	PART-TIME DATES	FROM (MO/DAY/YR)	TO (MO/DAY/YR)	TOTAL PART-TIME HOURS
	/ /	/ /		/ /	/ /	

The experience required by Section 5095 of the California Accountancy Act (Accountancy Act) should be fulfilled primarily by financial statement audits and, secondarily, by other attest services (see Instructions, Section 2). Section 12.5 of the CBA Regulations establishes the attest experience requirement. **To be considered as qualifying, experience is that which enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements (see Instructions, Sections 1 and 2).**

Check either yes or no for each of the following items (A and B) to identify the experience of the applicant, while under your supervision, for purposes of qualifying the applicant for a CPA license.

**QUALIFYING EXPERIENCE**

Yes No

I.	A.	Does the applicant have experience in the planning of the audit, including the selection of the procedures to be performed?		
	B.	In your opinion, did such experience demonstrate a satisfactory understanding of the requirements of planning an audit consistent with current practice standards and pronouncements of the profession?		
II.	A.	Does the applicant have experience in applying a variety of auditing procedures and techniques to the usual and customary financial transactions included in financial statements?		
	B.	In your opinion, did the application of the above-described procedures demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
III.	A.	Does the applicant have experience in the preparation of working papers in connection with the various elements of I and II, above?		
	B.	In your opinion, do the working papers demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
IV.	A.	Does the applicant have experience in the preparation of written explanations and comments on the work performed and its findings?		
	B.	In your opinion, do the written explanations and comments demonstrate satisfactory knowledge of current practice standards and pronouncements of the profession?		
V.	A.	Does the applicant have experience in the preparation of and reporting on full disclosure financial statements?		
	B.	In your opinion, did such participation demonstrate satisfactory knowledge of current professional standards?		

**NUMBER OF HOURS**

VI. SUMMARY OF ATTEST EXPERIENCE HOURS (see Instructions, Section 3).	Audit	Other Attest	Review Services	Compilation
Experience in <b>Planning</b> the Audit or Other Attest Services (I. above)				
Experience in <b>Applying a Variety of Audit Procedures and Techniques on the</b> Audit or Other Attest Services Procedures (II. above)				
Experience in the <b>Preparation of Working Papers</b> on the Audit or Other Attest Services (III. above)				
Experience in the <b>Preparation of Written Explanations</b> on the Audit or Other Attest Services (IV. above)				
Experience in the <b>Preparation of Full Disclosure Financial Statements</b> (V. above)				
Compilation Hours <b>Obtained Prior</b> to January 1, 2008				
<b>Total</b>				

VII. Is the applicant related to anyone in your firm? Yes  No  (If yes, explain relationship) \_\_\_\_\_

**NOTES TO EMPLOYER COMPLETING Certificate of Attest Experience (Public Accounting).**

**See Instructions Sections 1, 2, and 3.**

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500** hours of qualifying attest experience.

Section 69 of the CBA Regulations provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to the applicant's fulfillment of the experience requirement.

Section 12.5 of the CBA Regulations requires that public accounting experience be verified by the person supervising the experience and by a second person with a higher level of responsibility in the public accounting firm. The second person signing the verification shall be an owner of the public accounting 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. **Supervised experience means that the applicant's supervisor shall have reviewed and evaluated the applicant's qualifying work on a routine and recurring basis and shall have authority and oversight over the applicant.**

*I hereby certify, under penalty of perjury under the laws of the state of California, that the applicant (1) has been employed by me or my firm for the period indicated herein, and (2) in the course of such employment has obtained the experience indicated on this Certificate of Attest Experience (Public Accounting).*

FIRM NAME	BUSINESS TELEPHONE:	Area Code (    )
ADDRESS (INCLUDING City, State and Zip Code)		

SIGNATURE #1 (Supervisor) <b>(DO NOT USE BLACK INK)</b>	SOLE PROPRIETOR <input type="checkbox"/> PARTNER <input type="checkbox"/> SHAREHOLDER <input type="checkbox"/> OTHER <b>(Second signature required)</b> <input type="checkbox"/>
PRINTED NAME	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
DATE	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____
SIGNATURE #2 <b>(DO NOT USE BLACK INK)</b>	SOLE PROPRIETOR <input type="checkbox"/> PARTNER <input type="checkbox"/> SHAREHOLDER <input type="checkbox"/> OTHER <b>(Second signature required)</b> <input type="checkbox"/>
PRINTED NAME	CERTIFICATE NO. _____ CPA <input type="checkbox"/> PA <input type="checkbox"/>
DATE	U.S. STATE OR OTHER AUTHORITY OF ISSUANCE _____

<b>OFFICE USE ONLY</b>
Date of last Section 69 Review _____
_____ APPROVED
_____ REAPPEARANCE
_____ NO RECORD
Verified by: _____
Date: _____

<b>OFFICE USE ONLY</b>
Date of last Section 69 Review _____
_____ APPROVED
_____ REAPPEARANCE
_____ NO RECORD
Verified by: _____
Date: _____

## INSTRUCTIONS FOR COMPLETING CERTIFICATE OF ATTEST EXPERIENCE (PUBLIC ACCOUNTING)

The Certificate of Attest Experience (Public Accounting) is used by licensees to communicate to the CBA the experience an applicant has obtained while under their supervision in order for the CBA to determine whether the experience meets the requirements of CBA Regulation, Section 12.5.

Public accounting experience should be of a character and variety that enables the applicant to demonstrate the ability to understand the requirements of planning and conducting a financial statement audit or perform other attest services with minimum supervision that results in an opinion on full disclosure financial statements.

For the authorization to sign attest reports, applicants applying for licensure under either Pathway 1 or Pathway 2 **must** obtain a **minimum of 500 hours of attest experience**. It is important that very early in the applicant's employment the licensee and applicant formulate a plan tailored to demonstrate a variety of experience in audit services. A contemporaneous time record should be prepared and monitored by the licensee and the applicant.

### 1. **Qualifying Experience.**

Experience required under Items I, II, and III on the Certificate of Attest Experience (Public Accounting), it is expected the applicant will have gained attest experience in applying the procedures normally applied in a variety of situations. The applicant is expected to have experience in planning audits. It is unnecessary for an applicant to have performed all the procedures below or any single procedure any particular number of times. This experience may be obtained in one or more engagements, in one or more industries. Typical audit planning and procedures include, but are not limited to, the following:

- a. Obtaining sufficient understanding of the components of internal control (control environment, risk assessment, control activities, information and communications, and monitoring) to plan the audit. Procedures are usually performed to ascertain whether such components were in effect and operating effectively.
- b. Assessing risks embodied in the account balance, transaction class, and disclosure components of the financial statements and determining materiality.
- c. Applying appropriate analytical review procedures in performing an attestation engagement.
- d. Applying appropriate testing procedures to determine the existence and reasonableness of asset account balances such as cash, accounts receivable, inventory, property, plant and equipment, and other assets such as prepaids, intangible assets, and other deferred charges.
- e. Understanding and determining the valuation of accounts such as inventories, accounts receivable, marketable securities, real estate investments, and the appropriate accounting and applicable disclosures. These include costing and pricing concepts such as LIFO, FIFO, lower of cost or market, and excess and obsolete inventory, etc.
- f. Applying appropriate testing procedures to determine the reasonableness of liability account balances, such as accounts payable, accrued liabilities, income taxes, and notes and contracts payable, and the reasonableness of capital accounts and revenue and expense accounts.
- g. Testing of revenue and profit recognition, cut off of sales, purchases, cash receipts and disbursements, subsequent events review, and examination of pertinent documentation.
- h. Determining the existence of related party transactions, commitments and contingent liabilities, and appropriate financial statement disclosures.

Under Item IV on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has written comments, observations, and conclusions resulting from the work performed.

Under Item V on the Certificate of Attest Experience (Public Accounting), it is expected the applicant has participated in the preparation of and reporting on full disclosure financial statements. The experience required under this item may be fulfilled partially by review services, if adequately supported by workpapers.

## 2. Experience Discussion.

The performance of financial statement audits should primarily fulfill the experience requirement. In addition, attest experience may include a combination of:

- a. Review services **to the extent they comply with the documentation of analytical procedures and the development of expectations as required by the Statements on Standards for Accounting and Review Services**. Frequently, only analytical review procedures qualify; however, the scope of work may be extended in selected areas and, thereby, may qualify. Examples include performing analytical review procedures or extending the scope of work in selected areas. Experience obtained in other areas (such as accounting write-up, tax compliance, consultations, forecasting and projections) is not considered qualifying under CBA Regulation, Section 12.5.
- b. Other attest services including, but not limited to:
  - Statements on Standards for Attestation Engagements (SSAE) No. 16.
  - Agreed-upon procedures.
  - Compliance audits.
- c. Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers. Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.**

The most frequent problems encountered by applicants with public accounting experience are:

- a. Failure to demonstrate and/or document participation in the audit planning process.
- b. Limited experience in applying audit procedures and participating in preparing and reporting on full disclosure financial statements. As a result, an applicant has difficulty demonstrating experience with disclosure requirements, financial statement preparation, and Generally Accepted Accounting Principles and Generally Accepted Auditing Standards requirements.
- c. Failure to demonstrate a reasonable awareness and understanding of current professional standards.

## 3. Other Sections of the Certificate of Attest Experience (Public Accounting).

- a. Summary of Attest Experience Hours (Part VI of Certificate of Attest Experience [Public Accounting]).

This summary should reflect only hours the applicant spent performing audit procedures pursuant to CBA Regulation, Section 12.5.

Experience in areas such as controllership functions, accounting write-up, tax compliance, consultations, forecasting, and projections, are **not** considered qualifying under CBA Regulation, Section 12.5.

The specific categories of experience should be completed as follows:

Audit Hours: This section should reflect only those hours spent in the planning and performing of audit procedures or other attest services in an audit engagement, and the hours spent on financial statement preparation.

Review Hours: This section should reflect only those hours spent in the performance of audit-type procedures or other attest services in a review engagement, and the hours spent on financial statement preparation. Frequently, analytical review is the only audit-type procedure performed, unless the scope in selected areas has been expanded, and audit-type procedures have been performed and documented.

Other Attest Hours: This section should reflect only those hours spent in the performance of operational audits, compliance audits, and other audits, as well as performance of agreed-upon procedures of an audit nature. If the predominant qualifying experience is shown in this section, it is probable it will be reviewed by the Qualifications Committee of the CBA.

Compilation Hours: Compilation services **only to the extent preparation of full disclosure financial statements is supported by work papers.** Compilation hours obtained after December 31, 2007, are no longer accepted as qualifying attest experience for licensure.

b. Certifying an Applicant's Experience if Obtained in More Than One Office.

If a single Certificate of Attest Experience (Public Accounting) is submitted for an applicant who has obtained experience in more than one office of the same firm, a cover letter also must be submitted furnishing information as to the basis for completing the Certificate of Attest Experience (Public Accounting) for multiple offices. Alternatively, separate Certificates of Attest Experience (Public Accounting) should be submitted by the separate offices. **A separate Certificate of Attest Experience (Public Accounting) must be submitted for experience obtained outside the United States regardless of whether it was obtained from the same firm as that obtained in the United States.**

c. Responsibility Associated with Signing the Certificate of Attest Experience (Public Accounting).

All California licensees in public practice signing the Certificate of Attest Experience (Public Accounting) are subject to the provisions of the CBA Regulations, Section 69. The signers must carefully review the Certificate of Attest Experience (Public Accounting), evaluate, and judge each applicant's experience. The signer is certifying, under penalty of perjury, whether in his or her opinion, the applicant has met the attest experience requirements of the CBA for licensure.

If additional information would be helpful in evaluating the applicant's experience, the CBA encourages an employer to attach an explanatory letter.

CBA Regulation, Section 69 provides that the CBA may require an explanation of any representation made on the Certificate of Attest Experience (Public Accounting) and/or may inspect the documentation relating to an applicant's fulfillment of the experience requirement.

Under CBA Regulation, Section 69, the CBA expects the documentation in support of affirmative answers on the Certificate of Attest Experience (Public Accounting) to consist of a record of engagements on which an applicant actually performed the attest procedures, the amount of time spent by the applicant on the procedures, and the aggregate amount of time spent on such engagements. Upon request, actual financial statements and supporting workpapers are required to be furnished to the CBA.

d. Current Experience.

In evaluating the experience of an applicant, emphasis is given to recent activities that demonstrate the applicant's knowledge and application of applicable professional standards. In determining currency, generally the CBA considers experience gained in the last five years. If the experience was gained prior to that time, the CBA will require the applicant to furnish evidence that he or she is knowledgeable of current practice standards and pronouncements of the profession.

e. Worksheet.

The Worksheet for Substantiation of Qualifying Experience Under CBA Regulation, Section 12.5 has been included to assist the applicant and the employer in accumulating information to support the opinions expressed on the Certificate of Attest Experience (Public Accounting). **It is not necessary to submit this worksheet with the Certificate of Attest Experience (Public Accounting).**



**California Board of Accountancy  
Report on the Activities for the Initial Licensing Unit  
As of June 30, 2015**

**Initial Licensing Unit (ILU) Statistics**

<b>Individual License Applications</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>FY 2014/15</b>
<b>CPA Licensure Applications Received by Type<sup>1</sup></b>			
Type A	3,036	3,819	2,417
Type B	206	219	168
Type C	329	473	503
Type D	54	52	44
Type E	29	37	26
Total Received	3,654	4,600	3,158
Total Approved	3,474	4,906	2,682
Average Days to Process	25	24	24
<b>Method of Licensure</b>			
Pathway 0 <sup>2</sup>	4	0	0
Pathway 1 – attest	416	522	182
Pathway 1 – general	543	824	272
Pathway 2 – with attest	756	928	320
Pathway 2 – without attest	1,755	2,560	921
New Requirements – attest	--	17	245
New Requirements – general	--	55	742

<sup>1</sup> Application Type

<sup>2</sup> 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, 2015**

<b>Firm License Applications</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>FY 2014/15</b>
<b>Corporation</b>			
Total Received	221	210	272
Total Approved	174	200	208
Average Days to Process	14	17	16
<b>Partnership</b>			
Total Received	89	91	92
Total Approved	70	92	76
Average Days to Process	14	17	16
<b>Fictitious Name Permit</b>			
Total Received	169	183	120
Total Approved	105	139	87
Average Days to Process	14	17	16

<b>Customer Service</b>	<b>FY 2012/13</b>	<b>FY 2013/14</b>	<b>FY 2014/15</b>
Telephone Calls Received	24,006	27,889	22,993
Emails Received	9,670	14,098	14,160
<b>Certifications</b>			
Total Received	1,073	1,039	1,051
Total Processed	1,073	972	1,042
Average Days to Process	20	22	20

**ILU Highlights**

- The ILU is recruiting to fill four Program Technician II positions.
- ILU staff continue working towards implementation of the next phase of the attest study, which includes outreach and pre-testing. The full attest study is set to launch to target audiences later this summer.