



DEPARTMENT OF CONSUMER AFFAIRS
 CALIFORNIA BOARD OF ACCOUNTANCY
 2000 EVERGREEN STREET, SUITE 250
 SACRAMENTO, CA 95815-3832
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3675
 WEB ADDRESS: <http://www.cba.ca.gov>



DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

MINUTES OF THE
MARCH 24-25, 2011
CBA MEETING

Sheraton Hotel and Marina
 1380 Harbor Island Dr.
 San Diego, CA 92101
 Telephone: (619) 291-2900
 Fax: (619) 692-2337

Roll Call and Call to Order.

President Sally Anderson called the meeting to order at 1:01 p.m. on Thursday, March 24, 2011 at the Sheraton San Diego Hotel and Marina. CBA members heard Agenda Items I. – V., VI.B., VIII.G., and IX.A. – E. The meeting recessed at 4:22 p.m. CBA President Anderson reconvened the meeting at 9:01 a.m. on Friday, March 25, 2011, and the meeting adjourned at 12:30 p.m.

CBA Members

March 24, 2011

Sally Anderson, President	1:01 p.m. to 4:22 p.m.
Marshal Oldman, Vice President	1:01 p.m. to 4:22 p.m.
Leslie LaManna, Secretary-Treasurer	Absent.
Diana Bell	1:01 p.m. to 4:22 p.m.
Alicia Berhow	Absent.
Michelle Brough	1:01 p.m. to 4:22 p.m.
Donald Driftmier	1:01 p.m. to 4:22 p.m.
Herschel Elkins	Absent.
Laurence Kaplan	Absent.
Louise Kirkbride	1:01 p.m. to 4:22 p.m.
K.T. Leung	1:01 p.m. to 4:22 p.m.
Manuel Ramirez	1:01 p.m. to 4:22 p.m.
Michael Savoy	1:01 p.m. to 4:22 p.m.
David Swartz	1:01 p.m. to 4:22 p.m.
Lenora Taylor	1:01 p.m. to 4:22 p.m.

CBA Members

March 25, 2011

Sally Anderson, President	9:01 a.m. to 12:30 p.m.
Marshal Oldman, Vice President	9:01 a.m. to 12:30 p.m.
Leslie LaManna, Secretary-Treasurer	Absent.
Diana Bell	9:01 a.m. to 12:30 p.m.
Alicia Berhow	9:01 a.m. to 12:30 p.m.
Michelle Brough	9:01 a.m. to 12:30 p.m.
Donald Driftmier	9:01 a.m. to 12:30 p.m.
Herschel Elkins	Absent.
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David Swartz	9:01 a.m. to 12:30 p.m.
Lenora Taylor	9:01 a.m. to 12:30 p.m.

Staff and Legal Counsel

Patti Bowers, Executive Officer
Dan Rich, Assistant Executive Officer
Rich Andres, Information Technology Staff
Veronica Daniel, Board Relations Analyst
Paul Fisher, Supervising Investigative CPA
Dominic Franzella, Manager, Licensing Division
Lauren Hersh, Information and Planning Officer
Rafael Ixta, Chief, Enforcement Division
Vincent Johnston, Outreach Analyst
Nick Ng, Manager, Administration Division
Deanne Pearce, Chief, Licensing Division
Kristy Shellans, Legal Counsel, Department of Consumer Affairs (DCA)
Carl Sonne, Deputy Attorney General, Department of Justice
Matthew Stanley, Legislation/Regulation Analyst
Liza Walker, Manager, Licensing Division

Committee Chairs and Members

Nancy Corrigan, Chair, Peer Review Oversight Committee (PROC)
Ruben Davila, Chair, Accounting Education Committee (AEC)
Cheryl Gerhardt, Chair, Enforcement Advisory Committee (EAC)

Other Participants

Amber Buck, Frank, Rimerman + Co. LLP
Bill Holder, University of Southern California
Ed Howard, CPIL
Pilar Onate-Quintana, KP Public Affairs

LaVonne Powell, Senior Advisor to the Director, DCA
Jonathan Ross, KP Public Affairs
Hal Schultz, California Society of Certified Public Accountants (CalCPA)
Jeannie Tindel, CalCPA

I. Report of the President.

A. Update on Peer Review Implementation.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment 1**).

Mr. Ramirez expressed concern that less than 10 percent of applicants require peer review and that the percentage is low. Mr. Ramirez inquired regarding how the CBA could ensure that firms who indicate they are not subject to peer review are accurately reporting this information. Mr. Ixta stated it may be that some firms have not yet reported or are delaying reporting. Mr. Ixta further stated that staff is working on procedures to identify the population that have a reporting requirement but did not report, and those who reported, but reported incorrectly. Mr. Ixta further stated that the priority is to send out the reminder letters to licensees with a July 1, 2011 reporting requirement, send notification letters to licensees with a July 1, 2012 reporting requirement, and begin working on drafting the deficiency letter.

Ms. Anderson inquired if there is a way for firms to be granted an extension to complete peer review. Mr. Ixta stated that the CBA cannot grant extensions. Mr. Ixta further stated an extension request would be made to CalCPA and the CBA would be notified if an extension is granted.

Ms. Bowers stated that the next step internally is to determine what options might exist to ensure information received is reported accurately. Ms. Bowers further stated that staff will also consider actions that need to take place to bring inaccurate reports into compliance.

Mr. Ramirez stated that staff should focus on the firms that indicate they are not subject to peer review.

B. Report on Sunset Review Hearing.

Ms. Anderson stated the sunset review hearing took place on March 21, 2011, and that the hearing went well.

Ms. Bowers thanked Mr. Howard and Mr. Allen for their testimony in support of CBA's enforcement staffing issues. Ms. Bowers also thanked staff who assisted in preparing the testimony and background information. Ms. Bowers stated that follow up will be provided to Senator Curren Price regarding information on other states' requirements regarding

restatements.

C. Proposed 2012 CBA Meeting Dates.

It was moved by Mr. Oldman, seconded by Ms. Bell and carried by those present to adopt the 2012 CBA meeting dates. Ms. Taylor abstained.

D. Participation on National Committees.

Ms. Daniel provided an overview of the memorandum for this item (**see Attachment 2**).

Mr. Driftmier urged CBA members who are licensees to consider participating on the AICPA State Board Committee.

E. Resolution for Retiring CBA Member.

Ms. Anderson introduced DCA Legal Counsel Kristy Shellans, and newly appointed CBA members Alicia Berhow and Laurence Kaplan.

It was moved by Mr. Ramirez, seconded by Mr. Driftmier and unanimously carried by those present to adopt the resolution for retiring CBA member Rudy Bermudez.

II. Report of the Vice President.

A. Recommendation for Appointments to the Enforcement Advisory Committee.

There was no report for this item.

III. Report of the Secretary/Treasurer.

A. Discussion of Governor's Budget.

B. FY 2010-2011 Mid-Year Financial Statement.

Mr. Ng provided an overview of this item (**see Attachment 3**).

Ms. Taylor inquired regarding the rationale supporting the current legislative proposal to eliminate the statutory requirement that the Accountancy Fund maintain a nine-month reserve. She further inquired of DCA Legal Counsel whether there is anything that can be done legally or politically to stop the General Fund from borrowing monies from the Accountancy Fund.

Ms. Shellans stated that there is case law that the General Fund can

borrow as long as there is an agreement that the money will be paid back.

Mr. Ramirez asked about the status of the fee reduction package. Ms. Bowers indicated the fee reduction package has been approved by the Department of Finance and has been forwarded to the OAL for final approval. Mr. Stanley provided some information about the upcoming administrative steps related to implementation of the fee reduction.

Mr. Ramirez inquired regarding the steps to make the CBA an independent entity and suggested that if the CBA were structured like the State Bar it would not be faced with the General Fund borrowing monies from its reserves. He indicated that this would also give the CBA the flexibility to hire needed enforcement staff.

Ms. Anderson requested background information on other state boards that are currently operating independently.

Mr. Oldman stated that NASBA's Board Relevance & Effectiveness Committee is actively promoting state board independency.

Ms. Kirkbride suggested reducing fees to a level that would result in the Accountancy Fund being depleted, forcing repayment of General Fund loans.

Mr. Ramirez indicated that his discussions regarding possibly making the CBA an independent entity would be best addressed at some future meeting or conference and that he understood any possible change in this area would take several years. He indicated that any discussions in this area should be deferred until after the legislative Sunset Review process is concluded. Mr. Ramirez reiterated that he believed the CBA should presently concentrate on finalizing its fee reduction proposal.

C. Proposed Format for Presenting Budget Information to the CBA.

Ms. Anderson requested that Attachment 4 of the financial statement be adjusted to reflect expenditure amounts as if the hiring freeze was not in effect.

Ms. Kirkbride stated that she is in favor of the new format. Ms. Kirkbride suggested including percentages as opposed to the current graph chart.

IV. Closed Session. Pursuant to Government Code Section 11126(c)(3), the CBA Will Convene Into Closed Session to Deliberate on Disciplinary Matters (Stipulations and Proposed Decisions).

CBA members convened into closed session on Thursday, March 24, 2011 at 1:58 p.m., and the meeting reconvened into open session at 2:52 p.m.

V. Report of the Licensing Chief.

A. Report on Licensing Division Activity.

Ms. Pearce provided an overview of this item **(see Attachment 4)**.

Ms. Kirkbride commended staff for maintaining processing times with reduced staffing. Ms. Kirkbride inquired if the need to fill vacancies in the licensing unit is justified. Ms. Pearce stated that at this point, staff is focused solely on the processing of applications and that the additional staff would allow the unit to focus on projects and other priorities.

B. Residency Requirement for the Uniform CPA Examination and Licensure as a CPA in California.

Ms. Pearce provided an overview of the memorandum for this item **(see Attachment 5)**.

Ms. Anderson inquired if there is a way to track how many out-of-state exam applicants apply for licensure in California. Ms. Pearce stated that staff could look into the matter to determine if such statistics are attainable.

Ms. Anderson inquired if it is known why nonresidents apply to take the examination through California. Ms. Buck stated that she is aware of situations where university students have plans to move after graduation and become licensed in the State of California.

Ms. Shellans stated that there needs to be a rational basis for excluding an applicant based on residency.

C. International Delivery of the Uniform CPA Examination (iExam).

Ms. Pearce stated that staff has received information from NASBA regarding the Informed Consent for International Candidates. Ms. Pearce stated that staff has found some preliminary issues with the Informed Consent and a copy will be provided to legal counsel for review.

Ms. Walker provided an overview of the memorandum for this item **(see Attachment 6)**.

Ms. Brough inquired if NASBA is doing anything to verify candidates' information or identity. Ms. Pearce stated that the Informed Consent for International Candidates addresses the requirement of authorizing background checks through various organizations.

Ms. Kirkbride expressed concern regarding NASBA's financial motivation,

and that it would be impossible to manage the integrity of the exam in other countries.

CBA members further discussed the issues surrounding iExam.

Ms. Tindel stated that CalCPA has not considered this issue at the society level. Ms. Tindel encouraged the CBA to take a step back as it will likely be two years before anyone from a foreign country will be applying for a license. Ms. Tindel further stated that CalCPA does not see this matter as urgent.

It was moved by Mr. Swartz, seconded by Mr. Ramirez and carried by those present that the CBA not take a position on iExam until the program and security can be assessed. Ms. Brough abstained.

CBA members discussed the issues with accepting foreign exam grades. Ms. Bowers stated that staff will explore statutory and regulatory provisions and provide information at the May 2011 CBA meeting on the acceptance of grades obtained through iExam.

D. CBA's Passage Letter for the Uniform CPA Examination.

Ms. Walker provided an overview of the memorandum for this item (**see Attachment 7**).

Ms. Bell stated that she is in favor of the changes to the passage letter; however, there is still a formal feel to it. Ms. Bell suggested including a checklist of the next steps required for licensure.

It was moved by Mr. Ramirez, seconded by Ms. Brough and unanimously carried by those present to adopt the 2nd letter revision, adding the necessary steps for licensure in California, at staff's discretion.

E. Update and Implementation Plan on Pending Fee Reduction Regulations Title 16, CCR Section 70.

Mr. Franzella provided an overview of the memorandum for this item (**see Attachment 8**).

No comments were received for this item.

CBA members heard agenda item VIII.G. – Report of the EAC.

Ms. Gerhardt stated that the EAC met on November 4, 2010. Ms. Gerhardt stated that five closed files were reviewed and the EAC concurred with staff conclusion on all five. She stated that the EAC reviewed three restatements and advised staff to open investigations on

all three.

Ms. Gerhardt stated the EAC held four investigative hearings, one was referred to the Attorney General's Office for discipline, additional continuing education was recommended for two, and an additional investigation was recommended on the remaining hearing.

Ms. Gerhardt stated that the next EAC meeting is scheduled for May 5, 2011 in Oakland, CA.

Mr. Driftmier inquired regarding EAC vacancies. Ms. Gerhardt stated that there are four vacancies on the committee. Ms. Gerhardt stated that the committee is affected by the current hiring freeze. Ms. Gerhardt further stated that it is important to fill the vacancies, considering there will be members whose terms will expire at the end of this year.

CBA members heard agenda item IX.A.-E. – Acceptance of Minutes.

It was moved by Mr. Ramirez, seconded by Ms. Taylor and unanimously carried by those present to accept the agenda items IX.A.-E. as a group.

CBA members heard agenda item VI.B. – Update on CBA 2010-2012 Communications and Outreach Plan.

Ms. Hersh provided an overview of the memorandum for this item (**see Attachment 9**).

No comments were received for this item.

VI. Report of the Executive Officer (EO).

A. DCA Director's Report.

1. Hiring Freeze Executive Order.
2. Cell Phone Reduction Executive Order.
3. Vehicle Executive Order.
4. Update on BreEZe.
5. Board Member Training.

Ms. Powell stated that there was an Executive Order issued by Governor Brown on February 15, 2011, which reestablished the hiring freeze for State government. Ms. Powell further stated that boards/bureaus have begun submitting exemption requests and the

DCA will be advocating on behalf of the boards/bureaus.

Ms. Powell stated the importance of board member required training. Ms. Powell further stated that noncompliance will and already has affected some board members' confirmation and reappointment.

Ms. Powell stated the DCA has reached the 50% threshold for cell phone reduction. Ms. Powell further stated that the DCA will be reevaluating the need for remaining cell phones.

Ms. Powell stated that the final proposal for BreEZe is expected sometime in March 2011. Ms. Powell further stated that a contractor will be selected in April 2011, and it is expected that a contract will be in place by August 2011.

Ms. Powell thanked the CBA for being diligent in posting meeting materials to the CBA Web site and for webcasting CBA meetings over the internet.

Ms. Kirkbride inquired regarding BreEZE and if the program is at risk given the current budget situation. Ms. Powell stated that the BreEZe system has already been accounted for in the budget. Ms. Powell further stated that the Legislature is behind the proposal and it was included in the Sunset Review recommendations.

CBA members commented regarding the hiring freeze and stressed urgency regarding the CBA's four vacant Investigative CPA positions. Ms. Bowers stated that the CBA is positioned to fill all four vacant Investigative CPA positions as soon as it receives the authority to do so.

B. Update on CBA 2010-2012 Communications and Outreach Plan.

This item was previously heard following agenda item V.E.

C. Update on CBA 2010-2012 Strategic Plan.

Mr. Johnston provided an overview of the memorandum for this item (**see Attachment 10**).

Ms. Anderson inquired if it was foreseen that any objectives would not be implemented for any reason. Ms. Bowers stated that the remaining items will be prioritized and she is hopeful that all will be accomplished. Ms. Bowers further stated that a better idea of implementation should be available in six months to a year from now, when staffing issues are potentially resolved.

D. List of CBA's Statutory and Regulatory "Sunset" Provisions.

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment 11**).

Ms. Anderson inquired regarding the sunset dates for the AEC and ECC, and why the ECC sunsets two years after the AEC. Mr. Stanley stated that the expiration dates were determined by the Legislature. Mr. Stanley further stated the AEC was meant to be an advisory body and the ECC was envisioned to be authoring regulations, while maintaining certain reporting requirements as well.

E. Discussion of Options for how to Proceed Following the Expiration of Business and Professions (B&P) Code Section 5050(b) (Temporary and Incidental).

Mr. Stanley provided an overview of the memorandum for this item (**see Attachment 12**).

Mr. Swartz inquired if there have been any issues with policing temporary and incidental practice. Ms. Bowers stated that there have been no issues.

Mr. Savoy inquired if the CBA was contemplating changing or making any exceptions to B&P Code Section 5051, and if so, why. Mr. Stanley stated it is his understanding that the idea is to clarify B&P Code Section 5051.

Mr. Schultz stated that if the CBA does not adopt mobility, then practice privilege is necessary. Mr. Schultz further stated that there is merit with reinstating temporary and incidental; however, the issue is that the definition of practice of public accountancy is a very encompassing definition.

Mr. Oldman stated the issues surrounding the temporary and incidental matter can be resolved by defining the practice of public accountancy.

Mr. Swartz stated the other option is to leave the matter as-is.

Ms. Brough inquired if other states have defined the practice of public accountancy to the specificity that the CBA seeks. Ms. Bowers stated there are various definitions from state to state and this information could either be resurrected or recaptured and provided to the CBA.

Mr. Stanley stated comments provided by Mr. Howard that CPIL opposes the options to restore temporary and incidental. Mr. Stanley further stated the CPIL requests an opportunity to work with the CBA staff, the profession and counsel to craft alternatives prior to the CBA taking action.

Ms. Tindel stated the reason the definition of the practice of public

accountancy is so broad is to enable the CBA the ability to discipline CPAs who commit any acts harmful to consumers when using the CPA designation.

Ms. Onate-Quintana stated she concurs with the comments of Mr. Howard and Ms. Tindel. Ms. Onate-Quintana further stated that she hopes to work very intensively and quickly with CPIL, CalCPA, CBA staff and legal counsel to determine if there is a non-legislative solution and if not, hopefully provide a proposal by the May 2011 CBA meeting.

Mr. Ramirez suggested this matter be assigned to the CPC.

Ms. Anderson requested CBA staff to reach out to all interested parties and legal counsel to ensure the proposal can be implemented. Ms. Anderson further stated that she is in favor of this matter being addressed before the CPC at the May 2011 CBA meeting.

F. Proposed Plan for Researching Mobility in Other States.

Ms. Bowers provided an overview of the memorandum for this item (**see Attachment 13**).

Ms. Anderson stated that the big issues regarding mobility are enforcement and resources. Ms. Anderson requested that staff gather information on issues from interested parties and provide progress reports to the CBA as information is received.

Ms. Kirkbride stated the matter of focus is enforcement and the protection of California consumers. Ms. Kirkbride further stated there is an issue with the fact that there is nothing to take away. Ms. Shellans stated the issue of what to take away is critical.

CBA members discussed the difficulty in comparing enforcement statistics between the states. Mr. Ixta stated each state is unique and there are a lot of issues that should be considered when comparing enforcement statistics. Mr. Ixta further stated that staff will continue to study the matters regarding mobility and provide updates to the CBA.

Mr. Swartz stated the CBA has deliberated on this matter for several years and should be able to take the existing data and make a decision on mobility. Mr. Swartz further stated that the CBA needs to understand what is in the best interest for California consumers and if the practice privilege program works, then the CBA should move on. Ms. Kirkbride concurred with Mr. Swartz and questioned the value of additional research. Ms. Kirkbride stated that it would be more valuable to walk through scenarios on how enforcement matters should be handled with mobility. Ms. Kirkbride further stated that she wants to ensure that California consumers have protection against out-of-state practitioners.

Ms. Onate-Quintana stated that national firms have begun working with CPIL to scope research questions that may shed some light on the issues regarding mobility and offer some benefit of resources to the CBA.

CBA members further discussed this matter and concurred that the CPC should address this topic at its May 2011 meeting. Ms. Bowers stated that for the May 2011 CPC meeting, staff will identify areas of opposition for the original proposed legislation, including the letter from Senator Don Perata and any other issues that can be identified.

VII. Report of the Enforcement Chief.

A. Enforcement Case Activity and Status Report.

Mr. Ixta provided an overview of this item **(see Attachment 14)**.

B. Aging Inventory Report.

Mr. Ixta provided an overview of this item **(see Attachment 15)**.

C. Report on Citations and Fines.

Mr. Ixta provided an overview of this item **(see Attachment 16)**.

D. Reportable Events Report.

Mr. Ixta provided an overview of this item **(see Attachment 17)**.

Mr. Ramirez inquired regarding the age of the oldest case. Mr. Ixta stated there is a large matter over 24 months old. Mr. Ramirez stated his concern with case aging and inquired if the previous Chief of Enforcement Greg Newington could provide resources to the CBA to assist with caseload. Ms. Bowers stated that this matter will be explored.

Ms. Kirkbride inquired how staff time is prioritized amongst cases. Mr. Ixta stated the current enforcement priority is older cases; however, there are newer cases received where consumer harm is an issue that also receive a high priority due to sensitivity. Mr. Fisher stated the Enforcement Division is not handling cases based on performance measures, and that cases are handled by priority in the best interest of consumer protection.

Mr. Ramirez inquired if DCA staff could be utilized to supplement enforcement staffing. Ms. Bowers stated the CBA stopped using DCA's Department of Investigation (DOI) due to below acceptable performance. Ms. Bowers further stated that the performance has since been improved and Mr. Ixta is working with the DCA to determine how the CBA might

utilize DOI.

E. Results From 2nd Quarter Performance Measures Report to the DCA.

Mr. Ixta provided an overview of the memorandum for this item (**see Attachment 18**).

No comments were received regarding this item.

VIII. Committee and Task Force Reports.

A. Enforcement Program Oversight Committee (EPOC).

No Report.

B. Committee on Professional Conduct (CPC).

No Report.

C. Legislative Committee (LC).

1. Report of the March 24, 2011 LC Meeting.

2. Overview and Recommended Amendment to Assembly Bill (AB) 431 – Retired Status.

It was moved by Ms. Bell, seconded by Mr. Ramirez and unanimously carried by those present to approve the LC's recommendation to adopt the proposed amendments to AB 431. Mr. Leung was temporarily absent.

Ms. Bell stated that DCA legal counsel expressed concern with the language regarding the minimum age requirement. Ms. Bell further stated that the LC directed staff to further review the matter of the minimum age requirement and provide an update at the May 2011 CBA meeting.

3. Update on Legislative Language Sponsored by the CBA (Webcasting Exemptions, Accountancy Fund Loans to the General Fund, and Peer Review Sunset Extension).

The CBA took no action on this item.

4. Overview of Bills Affecting the Rulemaking Process (AB 127, AB 338, AB 425, AB 535, Senate Bill (SB) 396, SB 401, SB 553).

The CBA took no action on this item.

5. Adoption of Positions on Legislation.

a. AB 229 – The Controller: Audits.

It was moved by Ms. Bell and seconded by Ms. Kirkbride to approve the LC’s recommendation to adopt a Watch position AB 229. Ms. Anderson, Mr. Oldman, Ms. Berhow, Ms. Brough, Mr. Driftmier, Mr. Ramirez, Mr. Savoy, and Mr. Swartz opposed. The motion failed.

A majority of CBA members concurred that the current language of AB 229 is too broad and lacks clarity.

It was moved by Mr. Driftmier, seconded by Ms. Brough and carried by those present to adopt an Oppose position on AB 229. Ms. Bell, Ms. Kirkbride, and Ms. Taylor opposed. Mr. Leung abstained.

b. AB 410 – Regulations: Adoption: Disability Access.

It was moved by Ms. Bell, seconded by Mr. Driftmier and unanimously carried by those present to approve the LC’s recommendation to adopt a Support if Amended position on AB 410.

c. AB 675 – Continuing Education.

It was moved by Ms. Bell, seconded by Ms. Brough and carried by those present to approve the LC’s recommendation to adopt a Support position on AB 675 and indicate in the letter that not all boards “approve” their CE providers. Mr. Ramirez abstained.

d. AB 958 – Regulatory Boards: Limitation Periods.

It was moved by Mr. Oldman, seconded by Ms. Taylor and unanimously carried by those present to approve the LC’s recommendation to adopt an Oppose position on AB 958.

e. AB 991 – Licenses: California Licensing and Permit Center.

It was moved by Ms. Bell, seconded by Mr. Swartz and unanimously carried by those present to approve the LC’s recommendation to adopt an Oppose position on AB 991.

f. AB 1193 – Accountancy.

It was moved by Ms. Bell, seconded by Mr. Ramirez and

unanimously carried by those present to approve the LC's recommendation to adopt a Watch position on AB 1193.

- g. SB 103 – State Government: Meetings: Teleconferencing.

It was moved by Ms. Bell, seconded by Ms. Taylor and unanimously carried by those present to approve the LC's recommendation to adopt an Oppose position on SB 103.

- h. SB 306 – Accountancy.

It was moved by Ms. Bell, seconded by Mr. Swartz and unanimously carried by those present to approve the LC's recommendation to adopt a Support if Amended position on SB 306.

- i. SB 366 – Regulations: Agency Review.

It was moved by Ms. Bell, seconded by Mr. Swartz and unanimously carried by those present to approve the LC's recommendation to adopt a Support position on SB 366.

- j. SB 542 – Professions and Vocations: Regulatory Boards.

It was moved by Ms. Bell, seconded by Mr. Ramirez and unanimously carried by those present to approve the LC's recommendation to adopt a Watch position on SB 542.

- k. SB 773 – Accountants.

It was moved by Ms. Bell, seconded by Mr. Savoy and unanimously carried by those present to approve the LC's recommendation to Watch SB 773.

- l. SB 921 – Professions and Vocations.

It was moved by Ms. Bell, seconded by Ms. Taylor and unanimously carried by those present to approve the LC's recommendation to adopt a Watch position on SB 921.

- m. Senate Business, Professions, & Economic Development Committee Omnibus Bills.

The CBA took no action on this item.

D. Accounting Education Committee (AEC).

1. Report of the February 18, 2011 AEC Meeting.

Mr. Davila stated the AEC continues to work on its charge and has reached consensus regarding the acceptance of a specified master's degree to meet the 20 units of accounting study.

Mr. Ramirez stated concern with the issue of transferability of accounting courses. Mr. Davila stated that transferability will be a decision for the individual institution. Mr. Davila stated that acceptable courses will still count towards the educational requirements for licensure.

Ms. Anderson thanked Mr. Davila and Mr. Driftmier for their time and effort put into the committees.

2. Consideration of Proposed Legislation to Allow for the Acceptance of a Specified Master's Degree to Meet the 20 Units of Accounting Study Required for CPA Licensure Beginning January 1, 2014.

It was moved by Mr. Ramirez, seconded by Ms. Taylor and unanimously carried by those present to accept AEC's recommendation to adopt the proposed language.

E. Ethics Curriculum Committee (ECC).

No Report.

F. Peer Review Oversight Committee (PROC).

1. Report of the March 4, 2011 PROC Meeting.

Ms. Corrigan stated the PROC has gathered useful information from interested parties and is in the process of determining what is needed to meet the committee's goals and objectives. Ms. Corrigan stated that a subcommittee has been appointed to review the information received and bring back a more manageable set of documents for the committee to work with.

Ms. Corrigan stated that an issue has arisen regarding conflict of interest and whether members of the PROC could also be peer reviewers. Ms. Corrigan further stated that this matter is being addressed by legal counsel. Ms. Shellans stated that this matter is in the fact gathering stages and she will confirm with the DCA Legal Office to confirm what opinion can be rendered.

Ms. Corrigan stated the PROC will meet next on May 6, 2011 in Oakland, CA.

2. Proposed Responses to AICPA's Exposure Draft on Performing and

Reporting on Peer Reviews of Compilations Performed under SSARS 19, dated January 21, 2011.

It was moved by Mr. Driftmier, seconded by Ms. Bell, and unanimously carried by those present to accept the PROC's proposed responses to AICPA's exposure draft.

G. Enforcement Advisory Committee (EAC).

Report of the February 4, 2011 EAC Meeting.

This item was previously heard following agenda item V.E.

H. Qualifications Committee (QC).

No Report.

IX. Acceptance of Minutes

A. Draft Minutes of the January 27-28, 2011 CBA Meeting.

B. Draft Minutes of the November 17, 2010 CPC Meeting.

C. Draft Minutes of the November 17, 2010 EPOC Meeting.

D. Draft Minutes of the November 17, 2010 LC Meeting.

E. Draft Minutes of the September 3, 2010 AEC Meeting.

Agenda items IX.A. – E. were previously heard following agenda item V.E.

X. Other Business.

A. American Institute of Certified Public Accountants (AICPA).

No Report.

B. National Association of State Boards of Accountancy (NASBA).

1. Update on NASBA Committees.

a. Accountancy Licensee Database Task Force.

Ms. Bowers stated that the ALD Task Force met in San Diego on March 6, 2011. Ms. Bowers further stated that the ALD system is scheduled to be rolled out to consumers this summer.

b. Board Relevance & Effectiveness Committee.

Mr. Oldman stated that the Board Relevance & Effectiveness Committee is scheduled to meet on May 12, 2011 and he will provide an update at a future CBA meeting.

c. Uniform Accountancy Act Committee (UAA).

Mr. Driftmier stated that the UAA Committee continues to discuss the matter regarding firm names and that he will continue to provide updates to the CBA.

2. Proposed Responses to NASBA Focus Questions.

It was moved by Mr. Driftmier, seconded by Mr. Oldman and unanimously carried by those present to adopt staff's proposed responses to NASBA's focus questions.

XI. Closing Business.

A. Public Comments for Items not on the Agenda.

No public comments were received.

B. Agenda Items for Future CBA Meetings.

No comments were received for this item.

C. Press Release Focus.

Recent Press Releases.

Ms. Hersh stated that she plans to issue a press release with the headline "CBA votes to support consumer protection legislation, rejects measures that would create additional bureaucracy or hinder transparency."

Adjournment.

President Anderson adjourned the meeting at 12:30 p.m. on Friday, March 25, 2011.

Sally Anderson, CPA, President

Leslie LaManna, CPA, Secretary-Treasurer

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