

**State of California
Office of Administrative Law**

In re:
Board of Accountancy

Regulatory Action:

Title 16, California Code of Regulations

Adopt sections: 10.1
Amend sections: 10, 87.1
Repeal sections:

**NOTICE OF APPROVAL OF REGULATORY
ACTION**

Government Code Section 11349.3

OAL Matter Number: 2024-0415-02

OAL Matter Type: Regular (S)

This regular rulemaking action by the California Board of Accountancy adopts section 10.1 and amends sections 10 and 87.1 of Title 16 of the California Code of Regulations regarding the Professional Ethics Examination for Certified Public Accountants and continuing education requirements.

OAL approves this regulatory action pursuant to section 11349.3 of the Government Code. This regulatory action becomes effective on 7/1/2024.

Date: May 28, 2024



Jenifer Ryan
Senior Attorney

For: Kenneth J. Pogue
Director

Original: Patti Bowers, Executive Officer
Copy: Diana Godines

REGULAR

(See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z- 2024-0109-04	REGULATORY ACTION NUMBER 2024-0415-02S	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

OFFICE OF ADMINISTRATIVE LAW	
Electronic Submission	
RECEIVED DATE 1/9/2024	PUBLICATION DATE 1/19/2024
NOTICE	

OFFICE OF ADMIN. LAW 2024 APR 15 PM3:54
REGULATIONS

ENDORSED - FILED
in the office of the Secretary of State
of the State of California

MAY 28 2024

2:15 Pm

AGENCY WITH RULEMAKING AUTHORITY California Board of Accountancy	AGENCY FILE NUMBER (if any)
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A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Professional Ethics Exam and Education	TITLE(S) 16	FIRST SECTION AFFECTED 10	2. REQUESTED PUBLICATION DATE January 19, 2024
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON Sarah Benedict	TELEPHONE NUMBER (916) 809-4028	FAX NUMBER (Optional)
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	NOTICE REGISTER NUMBER	PUBLICATION DATE	

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Professional Ethics Exam and Continuing Education	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S)
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)	ACTION ON PROPOSED NOTICE ADOPT 10.1 AMEND 10, 87.1 REPEAL
TITLE(S) 16	

3. TYPE OF FILING			
<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)	<input type="checkbox"/> File & Print	<input type="checkbox"/> Print Only
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))		<input type="checkbox"/> Other (Specify) _____	

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)			
<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State	<input type="checkbox"/> §100 Changes Without Regulatory Effect	<input type="checkbox"/> Effective other (Specify) _____

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY			
<input checked="" type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission	<input type="checkbox"/> State Fire Marshal	
<input checked="" type="checkbox"/> Other (Specify) <u>Kimberly Kirchmeyer, Director, Department of Consumer Affairs</u> <i>Kimberly Kirchmeyer</i>			

7. CONTACT PERSON Diana Godines	TELEPHONE NUMBER (279) 226-4599	FAX NUMBER (Optional)	E-MAIL ADDRESS (Optional) diana.godines@cba.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Dominic Franzella</i>	DATE 04/12/2024
TYPED NAME AND TITLE OF SIGNATORY Dominic Franzella, Executive Officer	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

MAY 28 2024

Office of Administrative Law

**DEPARTMENT OF CONSUMER AFFAIRS
TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS
DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY**

Order of Adoption

**Article 2, California Code of Regulations Sections 10 and 10.1
Article 12, California Code of Regulations Section 87.1**

§ 10. Examination on Rules of Professional Conduct.

July 1, 2024
Until ~~[OAL: insert effective date of these regulations]~~, All all applicants for a certified public accountant license shall pass an examination in professional ethics, acceptable to the Board, before such license is to be issued. This professional ethics examination shall be passed no sooner than two years prior to the Board's consideration of the application for licensure.

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Sections 5018, 5082, ~~5092~~ and 5093, Business and Professions Code.

§ 10.1. Examination on Rules of Professional Conduct Transition.

(a) Licensees who meet all of the following requirements may use a passing score on the Board-approved examination in professional ethics toward two hours of continuing education in the period immediately preceding their first license expiration date as described in Section 87.1(a):

(1) Initial certified public accountant license was issued on or after ~~[OAL: insert effective date of these regulations]~~ *July 1, 2024.*

(2) CBA-approved professional ethics examination was purchased prior to ~~[OAL: insert effective date of these regulations]~~ *July 1, 2024.*

(b) This section shall become inoperative on ~~[OAL: insert date that is two years from the effective date of these regulations]~~ *July 1, 2026.*

NOTE: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: Sections 5018, 5027, 5082, and 5093, Business and Professions Code.

§ 87.1. Continuing Education Requirements for New Licensees.

(a) All continuing education must be completed on or after the date the initial license was issued. Once a license is issued, a licensee is required to complete a two-hour

regulatory review course as described in Section 87.8 at any time between the date the initial license was issued and the first license expiration date. This continuing education shall be part of the total hours of continuing education required by this section but shall not be part of the continuing education required by subsection (c), (d), (e), (f) or (g).

(b) Once a license is issued, the licensee must complete 20 hours of continuing education as described in Section 87(a)(2) and (a)(3) for each full six month period from the date the initial license was issued to the first license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date the initial license was issued and the first license expiration date is less than six full months, ~~no continuing education~~ the only continuing education required for license renewal is the two-hour regulatory review course described in subsection (a) ~~is required for license renewal.~~

(c) A licensee who is required to complete a total of 80 hours of continuing education pursuant to subsection (b) shall also complete four hours of ethics education pursuant to Section 87(b).

(d) Once a license is issued, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date the initial license was issued and the first license expiration date shall complete six hours of governmental auditing continuing education as part of each 20 hours of continuing education required under subsection (b). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(c). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (e).

(e) Once a license is issued, a licensee who engages in audit, review, compilation, or attestation services at any time between the date the initial license was issued and the first license expiration date shall complete six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (b). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(d).

(f) Once a license is issued, a licensee who provided preparation engagements as his/her highest level of service at any time between the date the initial license was issued and the first license expiration date shall complete a minimum of two hours of continuing education in courses described in Section 87(e) as part of each 20 hours of continuing education required under subsection (b).

(g) A licensee who is required to complete a total of 80 hours of continuing education pursuant to this section and must complete continuing education pursuant to subsection (d), (e), or (f) shall also complete an additional four hours of continuing education specifically related to the prevention, detection, and/or reporting of fraud affecting financial statements. This continuing education shall be part of the total hours of continuing education required by this section, but shall not be part of the continuing education required by subsection (d), (e), or (f).

(h) If an initial license expires as defined in Section 81(b)(2), the licensee must complete an additional 20 hours of continuing education as described in Section 87(a)(2) and (a)(3) for each full six month period from the date of license expiration to the date on which the licensee applies for license renewal, up to a total of 80 hours of continuing education. If the time period between the date the license expired and the date on which the licensee applies for license renewal is less than six full months, no additional continuing education is required for license renewal.

(i) All continuing education required by this section shall be completed in the two-year period immediately preceding the date on which the licensee applies for license renewal. If the date on which the licensee applies for license renewal is less than two years from the date the initial license was issued, all continuing education must be completed on or after the date the initial license was issued.

(j) Failure to Comply.

A licensee's willful failure to comply with the requirements of this section shall constitute cause for disciplinary action pursuant to Section 5100(g) of the Accountancy Act.

NOTE: Authority cited: Sections 5010 and 5027, Business and Professions Code.
Reference: Section 5028, Business and Professions Code.