



2024 SUNSET REVIEW REPORT



CALIFORNIA BOARD OF ACCOUNTANCY

Consumer Protection Through Licensure, Enforcement, and Regulation





CALIFORNIA BOARD OF ACCOUNTANCY
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
www.cba.ca.gov

TABLE OF CONTENTS

SECTION 1: BACKGROUND AND DESCRIPTION OF THE BOARD AND REGULATED PROFESSION	3
SECTION 2: FISCAL AND STAFF	27
SECTION 3: LICENSING PROGRAM	40
SECTION 4: ENFORCEMENT PROGRAM	55
SECTION 5: PUBLIC INFORMATION POLICIES	71
SECTION 6: ONLINE PRACTICE ISSUES	74
SECTION 7: WORKFORCE DEVELOPMENT AND JOB CREATION	75
SECTION 8: CURRENT ISSUES	78
SECTION 9: BOARD ACTIONS AND RESPONSES TO COVID-19	80
SECTION 10: BOARD ACTION AND RESPONSE TO PRIOR SUNSET ISSUES	81
SECTION 11: NEW ISSUES	89
SECTION 12: ATTACHMENTS	92

SECTION 1

BACKGROUND AND DESCRIPTION OF THE BOARD AND REGULATED PROFESSION

Provide a short explanation of the history and function of the California Board of Accountancy. Describe the occupations/profession that are licensed and/or regulated by the California Board of Accountancy (Practice Acts vs. Title Acts).

For over 120 years, the California Legislature has entrusted the California Board of Accountancy (CBA) with protecting the public related to the practice of public accountancy in California. The CBA's mission evokes this charge: "To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with applicable professional standards."

The breadth of the CBA's influence in the regulatory environment stretches beyond California's borders. The CBA regulates over 115,000 licensees, including individuals (certified public accountants [CPA] and public accountants [PA]) and accounting firms (partnerships, corporations, and out-of-state registered firms). Many of the accounting firms that the CBA regulates have regional or national footprints and some with footprints worldwide. CPAs work in a wide range of areas including accounting firms, private industry, government, and academia, and provide services to clients of all sizes and needs.

The CBA recognizes the scope of its regulatory influence. With stakeholders ranging from consumers needing accounting services; lenders, shareholders, and investors that rely on services rendered by CPAs; and businesses—large and small—that use CPAs to establish internal accounting controls or provide tax services (to name a few), the protection of the public shapes the policies, regulations, and enforcement decisions reached by the CBA.

1. Describe the make-up and functions of each of the CBA's committees (cf., Section 12).

The CBA uses a combination of committees, some legislatively established and some CBA established, to aid in achieving its legislative mandate of consumer protection. Presently, the CBA has four legislatively established and three CBA established committees focused on furthering its efforts with consumer protection.

When opening its meetings, the CBA and each of its committees reads into the record its mission statement. It is also prominently presented on every meeting agenda. These steps ensure that all meeting participants including members, presenters, and observers, as well as those who consume the materials later, recognize the decisions reached by the CBA are in furtherance of meeting its consumer protection mandate.

LEGISLATIVELY ESTABLISHED COMMITTEES

For the CBA's legislatively established committees, the CBA draws from volunteers throughout the licensee population. The exception to this is the Mobility Stakeholder Group, which has its membership composition established in statute. For all appointments to these committees, the CBA works with the current committee chair to evaluate knowledge and skills to ensure that the appointee will contribute to the committee's function and enable it to carry out its mandated activities.

Enforcement Advisory Committee

The Enforcement Advisory Committee assists the CBA by serving in a technical advisory capacity to the CBA Executive Officer and Enforcement Program. The Enforcement Advisory Committee is comprised of 13 licensees, with broad-ranging experience in all areas of practice.

The Enforcement Advisory Committee reviews open investigations to provide the Enforcement Program with technical assistance, including assisting with possible next steps in an investigation. Additionally, the Enforcement Advisory Committee reviews closed investigations to evaluate the sufficiency of the investigation and, if any, areas where the investigation could have been improved. Lastly, the committee serves a critical role in participating in Investigative Hearings conducted with staff and counsel from the Attorney General's Office.

Qualifications Committee

The Qualifications Committee assists the CBA in an advisory capacity with its licensure activities. The Qualifications Committee is comprised of 13 licensees, with a background in performing audit-related services.

The Qualifications Committee interviews applicants and employers and conducts work paper reviews to ensure that applicants meet California's accounting experience requirements. Additionally, the committee performs audits of approved CPA applications.

Peer Review Oversight Committee

The Peer Review Oversight Committee ensures the effectiveness of California's peer review program. The Peer Review Oversight Committee is comprised of seven licensees, with a background in attestation services.

The primary function of the committee centers on evaluating the administration of the American Institute of CPAs peer review program (the sole CBA-recognized peer review program provider) to ensure that it meets the requirements prescribed by the CBA in regulation. The Peer Review Oversight Committee performs a broad range of oversight functions including performing site visits of the administering entity, conducting sample reviews of completed peer reviews, monitoring out-of-state administering entities that operate under the CBA-recognized peer review program provider, the American Institute of CPAs, to ensure that they are held to the same regulatory standards as in California, and attending peer reviewer training courses.

Annually, the committee submits a report to the CBA describing the oversight functions it performed and making a recommendation to the CBA regarding the continued recognition of the American Institute of CPAs as a CBA-recognized peer review program provider.

Mobility Stakeholder Group

The Mobility Stakeholder Group is charged with the express purpose of determining whether California's practice privilege (more commonly referred to as mobility) provisions meet the CBA's duty to protect the public, and whether the provisions satisfy the objectives of stakeholders of the accounting profession, including consumers.

The Mobility Stakeholder Group is comprised of two members of the CBA, two representatives of the accounting profession, two consumer representatives, and one CBA Enforcement Program staff member. All seven members are appointed by the CBA President.

The final meeting of the Mobility Stakeholder Group was held in November 2019. Should any additional work be required relative to California's mobility provisions, it can be undertaken by the CBA, one of its committees (e.g., Committee on Professional Conduct) or a task force, as necessary. Elimination of the Mobility Stakeholder Group is included in Section 12 of this report as a proposed statutory change.

CBA-ESTABLISHED COMMITTEES

The CBA established committees are comprised of seven CBA Members, all of whom are appointed by the CBA President. The CBA President takes care to ensure appointments to these committees are inclusive of the makeup of the CBA (having both public and licensee members), and that CBA Members rotate through the committees to provide their respective viewpoints during their tenures.

Committee on Professional Conduct

The CBA established the Committee on Professional Conduct to consider and develop recommendations on issues that affect consumers and that apply to the practice of public accountancy. The committee

also considers, formulates, and proposes policies and procedures related to emerging and unresolved issues.

Enforcement Program Oversight Committee

The CBA established the Enforcement Program Oversight Committee to assist the CBA in considering issues related to the CBA Enforcement Program. The committee provides oversight of the enforcement goals and objectives. It also serves as the

primary body for reviewing and proposing revisions to the CBA's Disciplinary Guidelines and Model Orders.

Legislative Committee

The CBA established the Legislative Committee to review, recommend, and advance legislation relating to consumer protection and the practice of public accountancy. The committee also coordinates the need for and use of CBA Members to testify before the Legislature.

FISCAL YEAR 2022 23 CBA MEETING ATTENDANCE						
	07/21/2022 – SACRAMENTO	09/22/2022 – SACRAMENTO	11/17/2022 – SACRAMENTO	01/26–27/2023 – SACRAMENTO	03/23–24/2023 – SACRAMENTO	05/18/2023 – SACRAMENTO
CBA MEMBERS	CBA MEETING ATTENDANCE					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
Karriann Farrell Hinds, Esq.	A	P	A	P	P/A	A
Dan Jacobson, Esq.	P	P	A	P	P	P
Kristian Latta, CPA	P	P	P	P	P	P
Xochitl A. León	A	*	*	*	*	*
Tong “Tony” Lin	-	-	-	-	P	P
Luz Molina Lopez	P	A	P	*	*	*
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	A	P
Ariel Pe	P	P	P	A	P	A
Deidre Robinson	A	*	*	*	*	*
Joseph Rosenbaum, CPA	P	P	P	P	P	P
Katrina L. Salazar, CPA	P	A	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Yen C. Tu	P	A	P	A/P	P	P
Evangeline Ward	P	P	A	P	P	P

LEGEND	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off/Resigned
P/A	Present 1st Day/Absent 2nd Day
A/P	Absent 1st Day/Present 2nd Day
C	Meeting Canceled Due to COVID-19

FISCAL YEAR 2021 22 CBA MEETING ATTENDANCE

	07/22-23/2021 – VIRTUAL	09/23-24/2021 – VIRTUAL	11/18-19/2021 – VIRTUAL	01/20-21/2022 – VIRTUAL	03/24-25/2022 – VIRTUAL	05/19-20/2022 – SACRAMENTO
CBA MEMBERS	CBA MEETING ATTENDANCE					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	*	*	*	*	*
Mary M. Geong, CPA	P	A	P	A	A	*
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Kristian Latta, CPA	-	-	-	-	-	P
Xochitl A. León	P	P	P	A	A	A
Luz Molina Lopez	P	P	P	P	A	P
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	P	P/A
Ariel Pe	P	A	P	P	A	A
Deidre Robinson	P	P	A/P	P	A	A
Joseph Rosenbaum, CPA	-	-	-	-	-	A
Katrina L. Salazar, CPA	A	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	*
Yen C. Tu	P	P	P/A	P	P	P
Evangeline Ward	-	-	-	-	-	P/A

LEGEND	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off/Resigned
P/A	Present 1st Day/Absent 2nd Day
A/P	Absent 1st Day/Present 2nd Day
C	Meeting Canceled Due to COVID-19

FISCAL YEAR 2020 21 CBA MEETING ATTENDANCE

	07/25/2020 – VIRTUAL	09/26/2020 – VIRTUAL	11/19/2020 – VIRTUAL	01/14/2021 – VIRTUAL	03/25–26/2021 – VIRTUAL	05/13–14/2021 – VIRTUAL
CBA MEMBERS	CBA MEETING ATTENDANCE					
Nancy J. Corrigan, CPA	P	P	P	P	P	P
George Famalett, CPA	P	P	P	P	A	P
Mary M. Geong, CPA	P	P	P	P	A	A
Karriann Farrell Hinds, Esq.	P	P	P	P	P	P
Dan Jacobson, Esq.	P	P	P	P	P	P
Xochitl A. León	P	P	P	A	P	P
Luz Molina Lopez	P	P	P	P	P	P
Carola A. Nicholson, CPA	P	P	P	*	*	*
Zuhdia “Dee Dee” Owens, CPA	P	P	P	P	P	P
Ariel Pe	P	P	P	P	P	P
Deidre Robinson	A	P	A	P	P/A	A
Katrina L. Salazar, CPA	P	P	P	P	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	P
Yen C. Tu	P	P	P	P	P	P

LEGEND	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off/Resigned
P/A	Present 1st Day/Absent 2nd Day
A/P	Absent 1st Day/Present 2nd Day
C	Meeting Canceled Due to COVID-19

FISCAL YEAR 2019 20 CBA MEETING ATTENDANCE

	07/25/2019 – LOS ANGELES	09/26-27/2019 – POMONA	11/21/2019 – SACRAMENTO	01/16/2020 – SACRAMENTO	03/26/2020 – SAN DIEGO	05/17/2020 – SACRAMENTO
CBA MEMBERS	CBA MEETING ATTENDANCE					
Alicia Berhow	P	P/A	*	*	*	*
Jose A. Campos, CPA	P	P	P	P	C	C
Nancy J. Corrigan, CPA	P	P	P	P	C	C
George Famalett, CPA	A	P	P	A	C	C
Mary M. Geong, CPA	A	P	P	A	C	C
Karriann Farrell Hinds, Esq.	P	A	A	P	C	C
Dan Jacobson, Esq.	P	P	P	A	C	C
Xochitl A. León	P	A	P	P	C	C
Luz Molina Lopez	P	P	P	P	C	C
Carola A. Nicholson, CPA	P	A	P	A	C	C
Ariel Pe	-	-	P	P	C	C
Deidre Robinson	A	A	P	P	C	C
Katrina L. Salazar, CPA	P	P	P	A	C	C
Michael M. Savoy, CPA	P	P	P	P	C	C
Mark J. Silverman, Esq.	A	P/A	P	P	C	C

LEGEND	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off/Resigned
P/A	Present 1st Day/Absent 2nd Day
A/P	Absent 1st Day/Present 2nd Day
C	Meeting Canceled Due to COVID-19

FISCAL YEAR 2018 19 CBA MEETING ATTENDANCE

	07/26/2018 – LOS ANGELES	09/20-21/2018 – SACRAMENTO	11/15/2018 – SAN DIEGO	01/17/2019 – SACRAMENTO	03/21/2019 – SAN DIEGO	05/16/2019 – SACRAMENTO
CBA MEMBERS	CBA MEETING ATTENDANCE					
Alicia Berhow	P	A	P	P	P	P
Jose A. Campos, CPA	P	P	P	P	P	P
Nancy J. Corrigan, CPA	-	A	P	P	P	P
George Famalett, CPA	P	P	P	P	P	P
Mary M. Geong, CPA	-	P	P	P	P	P
Karriann Farrell Hinds, Esq.	A	P	P	P	P	P
Dan Jacobson, Esq.	A	P	A	P	P	P
Xochitl A. León	A	P	P	P	A	P
Luz Molina Lopez	P	A	P	P	P	P
Carola A. Nicholson, CPA	P	A	P	P	A	P
Jian Ou-Yang, CPA	A	*	*	*	*	*
Sunny Youngsun Park, Esq.	P	A	*	*	*	*
Deidre Robinson	A	P	A	P	A	P
Katrina L. Salazar, CPA	P	P	P	A	P	P
Michael M. Savoy, CPA	P	P	P	P	P	P
Mark J. Silverman, Esq.	P	P	P	P	P	P

LEGEND	
P	Present
A	Absent
-	Not Yet Appointed
*	Termed Off/Resigned
P/A	Present 1st Day/Absent 2nd Day
A/P	Absent 1st Day/Present 2nd Day
C	Meeting Canceled Due to COVID-19

TABLE 1B. BOARD MEMBER ROSTER

MEMBER NAME (INCLUDE VACANCIES)	DATE FIRST APPOINTED	DATE REAPPOINTED	DATE TERM EXPIRES	APPOINTING AUTHORITY	TYPE (PUBLIC OR PROFESSIONAL)
CURRENT					
Patricia R. Batchelor, CPA	10/12/23	N/A	1/1/24	Governor	Professional
Nancy J. Corrigan, CPA	08/17/18	05/05/22	11/26/25	Governor	Professional
Karriann Farrell Hinds, Esq.	01/27/16	02/22/23	1/1/2027	Governor	Public
Dan Jacobson, Esq.	09/01/17	11/29/21	01/01/25	Speaker	Public
Kristian Latta, CPA	05/05/22	N/A	11/26/25	Governor	Professional
Tong "Tony" Lin	02/22/23	N/A	11/26/26	Governor	Public
Ariel Pe	10/10/19	03/03/23	01/01/27	Speaker	Public
Joseph Rosenbaum, CPA	05/05/22	02/22/23	01/01/27	Governor	Professional
Katrina L. Salazar, CPA	12/14/12	11/25/20	11/26/23	Governor	Professional
Theresa N. Thompson, CPA	10/12/23	N/A	11/26/26	Governor	Professional
Yen C. Tu	02/19/20	N/A	01/01/24	Senate	Public
Evangeline Ward	05/05/22	N/A	01/01/26	Governor	Public
<i>Three vacancies: two public members, one professional member.</i>					
PAST					
Alicia Berhow	02/15/11	04/13/15	01/01/19	Speaker	Public
Jose A. Campos, CPA	12/14/12	01/15/16	11/26/19	Governor	Professional
George Famalett, CPA	11/23/15	01/02/19	01/01/23	Governor	Professional
Mary M. Geong, CPA	08/17/18	N/A	11/26/21	Governor	Professional
Xochitl A. León	01/07/15	01/30/19	01/01/23	Senate	Public
Luz Molina Lopez	10/09/17	01/14/21	11/26/24	Governor	Public
Carola A. Nicholson, CPA	07/24/17	N/A	01/01/20	Governor	Professional
Zuhdia "Dee Dee" Owens, CPA	07/07/20	N/A	06/19/23	Governor	Professional
Jian Ou-Yang, CPA	04/02/15	N/A	11/26/17	Governor	Professional
Sunny Youngsun Park, Esq.	01/11/17	N/A	01/01/20	Senate	Public
Deidre Robinson	06/26/15	N/A	11/26/22	Governor	Public
Michael M. Savoy, CPA	12/21/10	12/12/18	11/26/22	Governor	Professional
Mark J. Silverman, Esq.	01/15/14	N/A	01/01/22	Governor	Public
Herschel Elkins, Esq.	09/19/08	01/13/16	01/01/20	Senate	Public

2. In the past four years, was the CBA unable to hold any meetings due to lack of quorum? If so, please describe. Why? When? How did it impact operations?

No. The CBA has not missed any of its meetings due to lack of quorum. The Qualifications Committee, however, canceled three meetings as a result of quorum issues. The CBA has faced recruitment issues for its committees and has taken several steps to advertise and recruit to ensure all vacancies are filled.

Additionally, the CBA is working with the current committee leadership and members regarding attendance-related issues. The vacancies and attendance-related issues both contributed to the quorum issues; however, the CBA has been guiding committee leadership to ensure they clearly understand the significance of their role, the critical nature of the committee, and identifying expectations. Attendance-related issues will not occur in the future.

3. Describe any major changes to the CBA since the last Sunset Review, including, but not limited to:

- **Internal changes (i.e., reorganization, relocation, change in leadership, strategic planning).**
- **All legislation sponsored by the CBA and affecting the CBA since the last sunset review.**
- **All regulations changes approved by the CBA since the last sunset review. Include the status of each regulatory change approved by the CBA.**

STRATEGIC PLANNING

The CBA’s 2022–2024 Strategic Plan contains a mission, vision, values, goals, and objectives, which all serve as a roadmap to guide future CBA priorities and activities. The CBA’s goal areas include Enforcement, Licensing, Customer Service, Outreach, Laws and Regulations, Emerging Technologies, and Organizational Effectiveness.

The CBA’s 2022–2024 Strategic Plan included a new value: “Diversity, Equity, and Inclusion—The CBA supports and encourages a variety of perspectives, backgrounds, and experience that benefit its operation to meet its consumer-protection mandate.” Consistent with this addition, the California Department of Consumer Affairs (DCA) Strategic Organizational Leadership and Individual Development has begun offering diversity, equity, and inclusion training courses, which are available to all DCA employees. CBA management has shared these training opportunities with staff encouraging them to participate.

Further, the National Association of State Boards of Accountancy, of which the CBA is a member, is also providing education and training in diversity, equity, and inclusion. Trainings are available to all accountancy board members and staff. Participants will learn workplace definitions and applications for diversity, equity, and inclusion. They also learn how diversity, equity, and inclusion work together to enable organizations to grow and excel.

The Strategic Plan has 25 objectives that are assigned to staff who serve as project managers by identifying the steps and resources necessary to complete each objective. Including all levels of staff in the Strategic Planning process allows employees to take ownership in the future of the CBA and deepen their connection to and ability to contribute to the CBA’s consumer-protection mission.

The CBA’s 2022–2024 Strategic Plan was developed through a collaborative process between the CBA and DCA, and included input from CBA Members, Committee Members, CBA stakeholders, and staff.

In developing the Strategic Plan, the CBA sought to identify factors that could impact its success in carrying out its duties by conducting an environmental scan of the internal and external environments in which CBA operates. The external survey consisted of an online survey, sent in June 2021, which received 3,161 responses. Internal results were gathered by conducting telephone surveys and interviews with CBA Members, Committee Members, and Executive staff.

SUCCESSION PLANNING

Appropriate succession planning is central to the CBA's ability to continue providing effective consumer protection and service to its stakeholders. The CBA takes proactive steps to address succession issues that may develop in the future. The CBA's Succession Plan was updated in 2021 to continue guiding this process.

The Succession Plan is an invaluable document that identifies specific steps to take during the recruitment of staff in key positions.

The recent Succession Plan was updated to address the recruitment of the new Licensing Division Chief position. Another valuable part of the Succession Plan provides a snapshot of the number of staff who are at or near the retirement age, shedding light on possible upcoming vacancies. As identified in the Succession Plan, but also to foster an environment of learning and career advancement, the CBA routinely cross-trains staff in all areas to ensure that during an absence or extended leave there is no interruption of service to consumers.

LEADERSHIP CHANGES

Each year, the CBA votes to elect three leadership positions to serve for a 12-month period: President, Vice President, and Secretary/Treasurer. CBA Leadership guides the priorities of the CBA during their term. This includes conducting board meetings, attending legislative meetings, testifying at legislative hearings, and giving presentations at various outreach events.

Those three CBA Members collaborate with the Executive Officer, Assistant Executive Officer, Enforcement Chief, and Licensing Chief to identify priorities and accomplish goals for the upcoming year. Some of the priorities in recent years include:

- Outreach to a wide audience, grow audience diversity, and increase consumer protection.
- Implement leading technologies to provide excellent customer service.
- Identify potential barriers to entry into the CPA profession.
- Maintain an appropriate fee structure to support CBA operations.
- Revise and update continuing education requirements.

Staff Leadership

Patti Bowers, the CBA's longtime Executive Officer, retired in 2023. CBA Enforcement Chief Dominic Franzella served as the Acting Executive Officer beginning in January 2023. Mr. Franzella was formally appointed as the Executive Officer in August 2023.

In January 2020 a new Licensing Chief, Michelle Center, was hired. She has an extensive background in policy development, significant program management experience, and has worked closely

with board members, elected officials and other stakeholders. Her most recent role prior to coming to the CBA was as the assessment director at the California Department of Education, where she led the successful transition to computer-based testing and served as the chair over the multi-state Smarter Balanced Assessment consortium.

Since leading the Licensing Program, she has guided the CBA to many accomplishments, including:

- Developed a process to accept official college/university transcripts electronically.
- Launched the online license renewal platform (CBA Connect).
- Launched an online licensure application system, and acceptance of credit card payment.
- Developed comprehensive desk manuals designed to communicate expectations and provide useful training tools.
- Implemented a process to provide select Uniform CPA Examination applicants¹ early feedback on their education as it relates to licensure requirements.
- Developed processes related to data quality to increase data consistency.
- Reduced processing timelines for applicants.
- Established a CBA staff member to serve as the designated military and asylee applicant liaison.

There have been two different Information Officers hired since the prior Sunset Review. Patrick Ibarra held the role from October 2020 through December 2022, and David Hemphill was selected for the position in February 2023.

Mr. Hemphill has an extensive background in broadcast media and, before ascending to the Information Officer position, he had been an integral part of the Communications and Outreach Program since joining the CBA in 2020. Since that time, he has guided the CBA to many accomplishments, including:

- Producing and hosting CBA virtual outreach events.
- Creating the CBA's new "Accounting for California Podcast" series.
- Increasing the CBA social-media footprint.
- Enhancing the content of the CBA's *UPDATE* newsletter.

LEGISLATION

2023

Bill Number: Senate Bill 372 (Menjivar, Chapter 225, Statutes of 2023)

Subject Matter: Licensee and Registrant Records: Name and Gender Changes.

Effective Date: January 1, 2024

Summary: This bill protects the privacy and ensures the safety of transgender and nonbinary Californians by eliminating the use of deadnames² for licensed professionals who have changed their legal names.

Bill Number: Senate Bill 544 (Laird, Chapter 216, Statutes of 2023)

Subject Matter: Bagley-Keene Open Meeting Act: Teleconferencing.

Effective Date: January 1, 2024

¹ Uniform CPA Examination applicants that meet the requirements for the examination and have earned 150 semester credits are provided early feedback on their education related to the licensure requirements.

² Per the fact sheet, deadnaming occurs when someone intentionally or unintentionally refers to a trans or nonbinary person by the name they previously used.

Summary: This bill amends the Bagley-Keene Open Meeting Act related to how a state body conducts a meeting by teleconference. The bill requires state bodies to permit the public to address the state body, ensure the state body implements procedures to accommodate requests from individuals with disabilities, cease or recess meetings when technical issues are identified, and provide transparency for those participating remotely by requiring the disclosure of other individuals 18 years of age and older who are present. The bill requires that a majority of the members be present at one location for a minimum of 50% of the meetings each year, and adds a repeal date of January 1, 2026. The bill also made additional changes relative to state advisory bodies, authorizing member teleconferencing from non-public sites under certain circumstances, and authorizes public attendees to submit pseudonyms when using online access.

Bill Number: Senate Bill 816 (Roth, Chapter 723, Statutes of 2023)

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2024

Summary: This bill contains several provisions related to boards and bureaus within DCA. Among these is a two-step increase for the CPA initial licensure fee and license renewal fee, and the partnership or professional corporation initial licensure fee and license renewal fee. The first step takes effect July 1, 2024. The initial application fee for a partnership or professional corporation also increases on July 1, 2024. The statutory cap on various fees is also increased. The fee changes are based on a fee study conducted by DCA. The new fee structure eliminates the structural imbalance between revenues and authorized expenditures while minimizing the impact to individuals entering the practice of public accountancy.

Bill Number: Senate Bill 887 (Senate Committee on Business, Professions and Economic Development, Chapter 510, Statutes of 2023)

Subject Matter: Consumer Affairs.

Effective Date: January 1, 2024

Summary: This bill makes non-substantive changes to CBA statutes for the following: deleting language for an advisory committee no longer in use, updating Peer Review terminology, deleting reference to old Practice Privilege fees, removing outdated transitional language for CPA licensure requirements from 2013, deleting an obsolete report, and other non-substantive and grammatical fixes.

2022

Bill Number: Senate Bill 731 (Durazo, Chapter 814, Statutes of 2022)

Subject Matter: Criminal Records: Relief.

Effective Date: January 1, 2023

Summary: This bill requires the Department of Justice to expand the provisions regarding criminal record relief, without requiring a petition or motion by a party for that relief, to include an arrest and a conviction of a felony, if specified conditions are met.

Bill Number: Senate Bill 1443 (Roth, Chapter 625, Statutes of 2022)

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2023

Summary: This bill extends the sunset date of specified boards, bureaus, and commissions within DCA for an additional year from January 1, 2024 to January 1, 2025. This extension also applies to the authority for boards and commissions to designate an executive officer. Among the boards, bureaus, and commissions impacted by this measure is the CBA.

2021

Bill Number: Assembly Bill 107 (Salas, Chapter 693, Statutes of 2021)

Subject Matter: Licensure: Veterans and Military Spouses.

Effective Date: January 1, 2022

Summary: This bill requires a board within DCA to, after appropriate investigation, issue a temporary license to practice a profession or vocation to an applicant who meets specified requirements.

This section does not apply to a board, including the CBA, that has a process in place by which an out-of-state licensed applicant in good standing who is married to, or in a domestic partnership or other legal union with, an active duty member of the armed forces of the United States is able to receive expedited, temporary authorization to practice while meeting state-specific requirements for a period of at least one year or is able to receive an expedited license by endorsement with no additional requirements as specified.

Bill Number: Assembly Bill 298 (Irwin, Chapter 300, Statutes of 2021)

Subject Matter: Accountancy: California Board of Accountancy.

Effective Date: January 1, 2022

Summary: This bill contained CBA requested provisions pertaining to examination admissions, ethics requirements, and email confidentiality, specifically:

1. Authorized applicants to apply to take the Uniform Certified Public Accountant Examination prior to completing the necessary educational requirements if the applicants meet specified conditions.

2. Updated the ethics education requirements to allow auditing and fraud.
3. Made clarifying changes regarding email confidentiality.
4. Expanded what CBA members are eligible to preside over CBA meetings.

Bill Number: Senate Bill 607 (Min and Roth, Chapter 367, Statutes of 2021)

Subject Matter: Professions and Vocations.

Effective Date: January 1, 2022

Summary: This bill was the Senate Business Professions and Economic Development Committee omnibus bill and contained several provisions pertaining to DCA.

Among other proposals, the bill required all boards within DCA, including the CBA, to waive fees charged by the board associated with the application and initial license for applicants who are married to, in a domestic partnership, or other legal union with, an active duty member of the United States armed forces assigned to a duty station in California, under official active duty military orders, and who holds a current license in another United States jurisdiction for which the applicant seeks a license from the board.

2020

Bill Number: Assembly Bill 1525 (Jones-Sawyer, Chapter 270, Statutes of 2020)

Subject Matter: Cannabis: Financial Institutions.

Effective Date: January 1, 2021

Summary: This bill established that an individual or firm that practices public accounting pursuant to Chapter 1 of Division 3 of the Business and Professions Code “does not commit a crime under California law solely for providing professional accounting services” to persons licensed to engage in commercial cannabis activity.

Further, Assembly Bill 1525 established that authorized persons or businesses do not commit a crime, under California law, if they receive deposits or provide specified transportation or financial services to persons licensed to engage in commercial cannabis activity. Provides that a state or local licensing authority may disclose that information necessary to facilitate commercial banking for the licensee.

In addition, the bill authorized cannabis businesses to request the licensing entity to share specified data with financial institutions.

Bill Number: Assembly Bill 2113 (Low, Chapter 186, Statutes of 2020)

Subject Matter: Refugees, Asylees, and Immigrants: Professional Licensing.

Effective Date: January 1, 2021

Summary: This bill requires licensing boards under DCA to expedite the initial licensure process for an applicant who supplies satisfactory evidence to the board that they have been admitted to the United States as a refugee, granted asylum, or have a special immigrant visa, as specified. The bill specifies that nothing in the bill will be construed as changing any existing licensure requirements, and that any person applying for an expedited license must meet all statutory and regulatory licensure requirements.

Bill Number: Senate Bill 878 (Jones, Chapter 131, Statutes of 2020)

Subject Matter: Department of Consumer Affairs: License: Application: Processing Timeframes.

Effective Date: July 1, 2021

Summary: This bill requires each board within DCA that issues licenses to prominently display on its website, on at least a quarterly basis, the following:

1. The current average timeframes for processing initial and renewal license applications, or the combined current average timeframe for processing both initial and renewal license applications.
2. The current average timeframes for processing each license type that the board administers, or the combined current average timeframe for processing all license types that the board administers.

2019

Bill Number: Assembly Bill 1076 (Ting, Chapter 578, Statutes of 2019)

Subject Matter: Criminal Records: Automatic Relief.

Effective Date: January 1, 2020

Summary: This bill requires the Department of Justice, following a weekly review of arrest or conviction records, to identify those defendants eligible for automatic relief without a petition or motion being filed on that person's behalf for misdemeanor and nonviolent felony offenses where the defendant successfully completed probation and the underlying charge was not otherwise excluded, provided defendant is not otherwise in custody, on parole, on probation in another case or facing pending charges.

Bill Number: Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019)

Subject Matter: Accountancy: California Board of Accountancy.

Effective Date: January 1, 2020

Summary: This bill extended the sunset date for the CBA from January 1, 2020 to January 1, 2024. Also, the bill revises the license renewal and initial license fees by establishing that \$250 is the minimum, and \$280 is the maximum amounts the CBA may charge for those fees.

Bill Number: Senate Bill 601 (Morrell, Chapter 854, Statutes of 2019)

Subject Matter: State Agencies: Licenses: Fee Waiver.

Effective Date: January 1, 2020

Summary: This bill authorizes state agencies that issue business licenses to establish a process for a person or business, displaced or is experiencing economic hardship as a result of an emergency, as defined, to submit an application for reduction or waiver fees. This shall apply to fees required to obtain a license, renew or activate a license, or replace a physical license for display.

REGULATIONS

2023		
TITLE 16, CALIFORNIA CODE OF REGULATIONS, SECTION	SUBJECT	STATUS
54.3, 54.4	Sale, Transfer, or Discontinuance of Practice	Approved by Office of Administrative Law December 2023
6, 7.1, 8.2, 9.2, 13 add sections 7.3 and 9.3	CPA Evolution/Early Entry	Approved by Office of Administrative Law November 2023
41, 50.1	Firm Responsibilities and Client Notification Regarding Attest Services	Staff are working with DCA to finalize the rulemaking documents.
87, 88, 88.1, 88.2, 89, 90	Continuing Education—Nano Learning, Blended Learning, and Adaptive Self-Study	Approved by Office of Administrative Law February 2023
12, 12.5	Second Signature Removal from Experience Form	Approved by Office of Administrative Law February 2023

2022		
TITLE 16, CALIFORNIA CODE OF REGULATIONS, SECTION	SUBJECT	STATUS
2.8	Definition of Satisfactory Evidence—Transcripts	Approved by Office of Administrative Law September 2022
43, 45	Peer Review Reporting Form (PR-1) Nonsubstantive Changes (Section 100)	Approved by Office of Administrative Law September 2022
26, 27, 28, 29, 31, 32, 33, 34, 35, 35.1	Repeal of Article 4—Outdated Practice Privilege Regulations	Approved by Office of Administrative Law September 2022
70	Initial and Renewal Permit Fees	Approved by Office of Administrative Law July 2022

2021		
TITLE 16, CALIFORNIA CODE OF REGULATIONS, SECTION	SUBJECT	STATUS
12.5	Attest Experience Form	Approved by Office of Administrative Law October 2021
98, 99, 99.1, 99.2	Assembly Bill 2138—Disciplinary Guidelines	Approved by Office of Administrative Law February 2021

2020		
TITLE 16, CALIFORNIA CODE OF REGULATIONS, SECTION	SUBJECT	STATUS
71, 8, 70, 75.5, 87.6, 89.1	Outdated and Obsolete Regulations	Approved by Office of Administrative Law April 2020
15.1, 16, 19, 20	Applicant and Licensee Email Requirement (Section 100)	Approved by Office of Administrative Law January 2020

2019		
TITLE 16, CALIFORNIA CODE OF REGULATIONS, SECTION	SUBJECT	STATUS
45	Peer Review Reporting Amend Peer Review Reporting Form (PR-1)	Approved by Office of Administrative Law July 2019

4. Describe any major studies conducted by the CBA.

CONSIDERATION OF THE CPA EXPERIENCE REQUIREMENTS TASKFORCE

The CBA established the Consideration of the CPA Experience Requirements Taskforce in 2022 to evaluate the experience requirements for CPA licensure. The CBA specifically assigned the taskforce with answering the question: “Is the present attest experience requirement necessary and sufficient to support the CBA mission to protect consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards?”

The Consideration of the CPA Experience Requirements Taskforce conducted several meetings exploring numerous topics surrounding this question. At its November 2022 meeting, the CBA adopted the taskforce’s first recommendation, that the attest experience requirement was necessary for the authority to sign reports on attest engagements.

At its January 2023 meeting, the taskforce discussed the sufficiency of the current attest experience requirement. The CBA proceeded to adopt the taskforce’s recommendation that the present attest experience requirement was sufficient.

The taskforce also provided, and the CBA adopted, the following recommendations:

- Create a pathway to allow for accounting firm owners who previously completed general accounting experience to obtain qualifying attest experience.
- Explore how current regulations may be amended to more thoroughly define reciprocity requirements for applicants obtaining a license with the authority to sign reports on attest engagements.
- Expand outreach to better inform consumers regarding the difference in services performed by CPAs who maintain a license with or without the authority to sign reports on attest engagements.

The CBA’s adoption of the taskforce’s recommendations concluded the work the taskforce was assigned.

STUDENTS UNDERSTANDING THE REQUIREMENTS TO BE A CPA PROJECT

At its January 2023 meeting, the CBA announced a multiyear project with a goal to clarify the educational requirements by implementing solutions that will provide future CPA applicants, educational institutions, professional associations, and other

stakeholders with straightforward educational requirements for CPA licensure. Increasing clarity in the requirements and investigating options that would provide students with ways to make informed decisions regarding their education may contribute to individuals wanting to enter the profession.

The Students Understanding the Requirements to be a CPA, or SURE CPA Project, will be implemented in the following phases:

- Information Gathering.
- Develop and Adopt Initiatives.
- Implement Initiatives.
- Collect Feedback.

Phase one began in May 2023 with an outreach event at California State University, San Bernardino, and the launch of an interactive survey in July 2023 that asks specific questions tailored to the survey taker. Additional outreach events were also held in September 2023 at California State Polytechnic University, Pomona, and in December 2023 at California State University, Sacramento. The CBA will use data from the various outreach events and the survey to develop initiatives to better clarify the educational requirements for licensure. The outcomes from this project may necessitate statutory or regulatory changes.

5. List the status of all national associations to which the CBA belongs.

- **Does the CBA's membership include voting privileges?**
- **List committees, workshops, working groups, task forces, etc., on which the CBA participates.**
- **How many meetings did CBA representative(s) attend? When and where?**
- **If the CBA is using a national exam, how is the CBA involved in its development, scoring, analysis, and administration?**

NATIONAL ASSOCIATIONS

There are two primary national associations that the CBA is affiliated with: the American Institute of CPAs and National Association of State Boards of Accountancy.

The American Institute of CPAs is the world's largest member association that serves the public interest. The American Institute of CPAs sets ethical and auditing standards for the public accounting profession and develops and grades the Uniform CPA Examination. The American Institute of CPAs has several volunteer committees that members may participate on to discuss national issues impacting the profession and consumer protection. The CBA votes on matters when an individual CBA member is present at the meeting.

The National Association of State Boards of Accountancy, of which the CBA is a member, is an association dedicated to enhancing the effectiveness of the country's 55 state boards of accountancy.³

The National Association of State Boards of Accountancy, whose mission is to “[e]nhance the effectiveness and advance the common interests of the Boards of Accountancy,” accomplishes its mission by creating a forum for accounting regulators and practitioners to address issues relevant to the viability of the accounting profession. The National Association of State Boards of Accountancy offers its member boards various products and services designed to effectively aid boards in their goal to protect the public.

The CBA may vote on any matter brought before the National Association of State Boards of Accountancy, while in attendance at a meeting requiring such vote.

California's participation in and attendance at various committee and national meetings allows it to represent the consumers of California and allows the CBA to learn from and share valuable expertise in the areas it regulates. California's voice and input are crucial and influential in sharing its experiences with colleagues from around the country. This interchange of valuable information allows the CBA to leverage

³The 55 jurisdictions include all states and the District of Columbia, Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and Virgin Islands.

the experience and lessons learned from its peers to further its legislative mandate of consumer protection.

Each year, CBA members can submit an application for appointment to a committee with the National Association of State Boards of Accountancy and American Institute of CPAs. The CBA has been fortunate to have members serving in leadership roles with both bodies.

As of June 30, 2023, the following CBA members hold a leadership position:

Katrina L. Salazar, CPA

Position: Director-at-Large

The Directors-at-Large attend National Association of State Boards of Accountancy Board meetings, one regional meeting (Eastern or Western), and Chair a committee of the National Association of State Boards of Accountancy.

Position: Diversity Committee Chair

The National Association of State Boards of Accountancy Diversity Committee develops a diversity program that ensures the National Association of State Boards of Accountancy provides opportunities, encouragement and support to people of color (African Americans and Hispanics/Latinos) and women to participate in National Association of State Boards of Accountancy Board of Directors meetings.

Position: Board of Examiners Member

The American Institute of CPAs Board of Examiners oversees the administration of the Uniform CPA Examination and the development of the exam's strategy.

Nancy J. Corrigan, CPA

Position: Pacific Regional Director

National Association of State Boards of Accountancy Regional Directors are responsible for communications with the boards of accountancy in the regions which they represent, presiding over regional meetings, and voting on matters presented during the National Association of State Boards of Accountancy Board of Directors meetings.

Position: Education Committee Chair

The National Association of State Boards of Accountancy Education Committee supports the boards of accountancy by representing the National Association of State Boards of Accountancy in the academic community and serving as an advisory resource on education matters related to the accounting profession.

Position: State Board Committee Member

The American Institute of CPAs State Board Committee facilitates discussions between state boards of accountancy and the Board of Examiners, informs the state boards about the Board of Examiners' activities and decisions, and provides insight into the state boards' challenges and successes with the Uniform CPA Examination.

The following information identifies the meetings CBA members and staff attended, including the date and location.

2023 (THROUGH JUNE 30, 2023)		
MEETING INFORMATION	DATE(S)/LOCATION(S) [*]	ATTENDEE(S)
National Association of State Boards of Accountancy—Western Regional Meeting	June 27–29, 2023/Kansas City, MO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA (Virtual Attendance) Tong “Tony” Lin Dominic Franzella
National Association of State Boards of Accountancy—Conference for Legal Counsel	February 27–March 1, 2023/Tucson, AZ	Dominic Franzella (Virtual Attendance)
National Association of State Boards of Accountancy—Board of Directors Meeting	January 19–20, 2023/Scottsdale, AZ April 20–21, 2023/Santa Fe, NM	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Communications Committee	January 26, 2023 March 24, 2023	Yen C. Tu

^{*} Meetings without a location identified were conducted virtually/teleconference. Meetings that offered both an in-person and virtual attendance option reflect the location and whether a CBA Member or staff attended virtually.

2023 (THROUGH JUNE 30, 2023)		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Relations With Board Members Committee	March 31, 2023 April 20, 2023	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Diversity Committee	January 6, 2023 March 27, 2023 May 2, 2023	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Education Committee	February 6, 2023 April 3, 2023 April 4, 2023	Nancy J. Corrigan, CPA
American Institute of CPAs—Board of Examiners	February 23, 2023 April 27, 2023 June 20, 2023	Katrina L. Salazar, CPA
American Institute of CPAs—Board of Examiners Financial Oversight Group	June 9, 2023	Katrina L. Salazar, CPA
American Institute of CPAs—State Board Committee	January 10, 2023 April 19, 2023	Katrina L. Salazar, CPA
American Institute of CPAs—State Board Committee	June 13, 2023	Nancy J. Corrigan, CPA

2022		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Relations with Member Boards Committee	January 17, 2022 May 5, 2022	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Annual Meeting	October 30–November 2, 2022/San Diego, CA	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Joseph Rosenbaum, CPA Michael M. Savoy, CPA Luz Molina Lopez Yen C. Tu Kristian Latta, CPA
National Association of State Boards of Accountancy—Western Regional Meeting	June 7–9, 2022/Colorado Springs, CO	Katrina L. Salazar, CPA Nancy J. Corrigan, CPA Michael M. Savoy, CPA
National Association of State Boards of Accountancy—Conference for Legal Counsel	April 25–27, 2022/Clearwater Beach, FL	Patti Bowers Dominic Franzella (Virtual Attendance)
National Association of State Boards of Accountancy—Board of Directors Meeting	January 17–18, 2022/Key West, FL May 5–6, 2022/Hilton Head Island, SC July 21–22, 2022/Rancho Palos Verdes, CA October 27–28, 2022/San Diego, CA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA

2022		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Computer Based Testing Committee	January 2022–March 2022 May 2022–July 2022 July 27, 2022 August 2, 2022 August 31, 2022 September 30, 2022	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Continuing Professional Education Committee	January 27, 2022 August 16, 2022	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Continuing Professional Education Working Group	April 21, 2022 May 10, 2022/Nashville, TN June 29, 2022 July 13, 2022 July 28, 2022	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Relations with Member Boards Committee	January 17, 2022 March 8, 2022 May 5, 2022 October 30–November 2, 2022/San Diego, CA	Nancy J. Corrigan, CPA
American Institute of CPAs—State Board Committee	April 20, 2022 June 9, 2022 September 13, 2022	Katrina L. Salazar, CPA
American Institute of CPAs—Board of Examiners	May 26, 2022 August 4, 2022 October 17, 2022 December 1, 2022	Katrina L. Salazar, CPA
Joint American Institute of CPAs—National Association of State Boards of Accountancy Continuing Professional Education Standards Committee	September 13, 2022	Katrina L. Salazar, CPA

2021		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Annual Meeting	November 2–3, 2021	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Western Regional Meeting	June 22–23, 2021	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Board of Directors Meeting	January 14–15, 2021 April 22–23, 2021 July 22–23, 2021/Portland, OR October 28–29, 2021/Nashville, TN	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Computer Based Testing Committee	December 7, 2021	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Relations with Member Boards Committee	February 16, 2021 June 2, 2021 June 17, 2021 August 23, 2021	Katrina L. Salazar, CPA
American Institute of CPAs—State Board Committee	January 12, 2021 May 6, 2021 September 28, 2021	Katrina L. Salazar, CPA
American Institute of CPAs—Business Environment and Concepts Subcommittee	January 8, 2021	Nancy J. Corrigan, CPA

2020		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Annual Meeting	November 2–4, 2020	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Western Regional Meeting	June 3, 2020	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Board of Directors Meeting	January 16–17, 2020/Indian Wells, CA April 23–24, 2020 October 29–30, 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Bylaws Committee	May 21, 2020	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Continuing Professional Education Committee	September 11, 2020 December 15, 2020	Nancy J. Corrigan, CPA
American Institute of CPAs—State Board Committee	January 23, 2020 May 28, 2020 October 21, 2020	Katrina L. Salazar, CPA
American Institute of CPAs—Business Environment and Concepts Subcommittee	July 30, 2020 August 12, 2020 August 26, 2020 September 9, 2020 October 7, 2020 December 17, 2020	Nancy J. Corrigan, CPA

2019		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Annual Meeting	October 27–30, 2019/Boston, MA	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA Dominic Franzella
National Association of State Boards of Accountancy—Western Regional Meeting	June 18–20, 2019/Salt Lake City, UT	Nancy J. Corrigan, CPA Katrina L. Salazar, CPA George Famalett, CPA
National Association of State Boards of Accountancy—Board of Directors Meeting	January 17–18, 2019/San Marco, FL April 25–26, 2019/San Francisco, CA July 25–26, 2019/Colorado Springs, CO October 24–25, 2019/Boston, MA	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Relations with Member Boards Committee	April 9, 2019 September 5, 2019	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Bylaws Committee	May 1, 2019 June 26, 2019	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy – Continuing Professional Education Committee	December 16, 2019	Nancy J. Corrigan, CPA
National Association of State Boards of Accountancy—Diversity Committee	March–April 2019	Carola A. Nicholson, CPA
American Institute of CPAs—State Board Committee	February 12, 2019 May 29–31, 2019/Philadelphia, PA October 2, 2019/Orlando, FL	Katrina L. Salazar, CPA

2018		
MEETING INFORMATION	DATE(S)/LOCATION(S)	ATTENDEE(S)
National Association of State Boards of Accountancy—Annual Meeting	October 28–31, 2018/Scottsdale, AZ	Katrina L. Salazar, CPA Michael M. Savoy, CPA
National Association of State Boards of Accountancy—Western Regional Meeting	June 26–28, 2018/Lake Tahoe, CA	Katrina L. Salazar, CPA Michael M. Savoy, CPA Jose A. Campos, CPA Carola A. Nicholson, CPA Luz Molina Lopez
National Association of State Boards of Accountancy—Board of Directors Meeting	April 26–27, 2018/Charleston, SC July 18–19, 2018/San Diego, CA October 25–26, 2018/Scottsdale, AZ	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Bylaws Committee	May 6, 2018 June 21, 2018	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Strategic Planning Task Force	August 28–30, 2018	Katrina L. Salazar, CPA
National Association of State Boards of Accountancy—Enforcement Resources Meeting	May 15, 2018	Katrina L. Salazar, CPA
American Institute of CPAs—State Board Committee	February 12, 2018 October 3, 2018	Katrina L. Salazar, CPA

NATIONAL EXAMINATION

Structure and Administration

The CBA has a contract with the National Association of State Boards of Accountancy that participates in a tri-party agreement with the American Institute of CPAs and Prometric Testing Centers for the national examination, referred to as the Uniform CPA Examination. Each entity, including the CBA, participates in various ways for the development, administration, scoring, and analysis of the Uniform CPA Examination.

The CBA, and all other state boards of accountancy, require applicants to pass the Uniform CPA Examination, and meet education and experience requirements to make important determinations of qualification for licensure as a CPA.

The Uniform CPA Examination is a criterion-referenced examination, which means that it rests upon predetermined standards. Every candidate's performance is measured against established standards to determine whether the candidate has demonstrated the level of knowledge and skills represented by the passing score. Every candidate is judged against the same standards, and every score is an independent result.

The American Institute of CPAs and its Board of Examiners has primary responsibility for the development, scoring, and analysis of the Uniform CPA Examination, with consultation from all state boards of accountancy. At appropriate intervals, the American Institute of CPAs initiates a comprehensive practice analysis to ensure that the Uniform CPA Examination continues to test the minimum competencies needed to become a licensed CPA.

Practice Analysis

During a practice analysis, the American Institute of CPAs issues an Exposure Draft and seeks input from a wide range of stakeholders, including state boards of accountancy. The most recent practice analysis was initiated in July 2021, and, at its September 2022 meeting, the CBA conducted an in-depth overview and provided feedback via a comment letter.

CPA Evolution

The practice analysis exposed significant changes to the Uniform CPA Examination in alignment with a national initiative referred to as CPA Evolution. The CPA Evolution initiative is transforming the CPA licensure model to recognize the rapidly changing

skills and competencies the practice of accounting requires today and will require in the future. The feedback from the CBA, and other stakeholders, assisted in the finalization of the next iteration of the Uniform CPA Examination that will launch in January 2024.

The new examination under CPA Evolution will feature three Core sections and three Discipline sections. The Core sections will focus on Accounting, Auditing, and Taxation, with a recognition of the impact technology has on each of the three areas. In addition, the Uniform CPA Examination will have three Discipline sections from which candidates must choose and pass one. The choices include Business Analysis and Reporting, Information Systems and Controls, and Tax Compliance and Planning.

CBA Member Representation

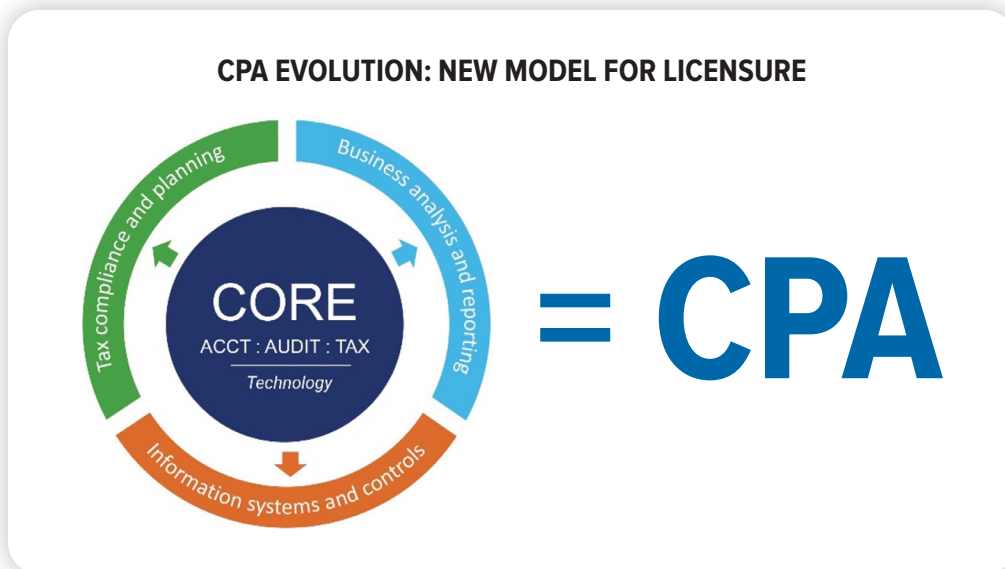
The CBA is fortunate to have members serve on the American Institute of CPAs' State Board Committee and Board of Examiners. The State Board Committee serves as a communication link between the Board of Examiners and state boards of accountancy. It is responsible for communicating state board concerns regarding the Uniform CPA Examination to the Board of Examiners. In addition, the CBA has a member serving on the National Association of State Boards

of Accountancy's Education Committee, who can assist in communicating the CBA's issues regarding the Uniform CPA Examination and educational requirements at the national level.

Requirements to Take the Uniform CPA Examination

Prior to an individual taking the Uniform CPA Examination, they must first apply to, and be approved by, the CBA to ensure minimum educational qualifications are met. The CBA maintains full authority and responsibility for establishing and enforcing the minimum qualifications a candidate must meet prior to being granted admittance to the Uniform CPA Examination, which provides a minimum competency assessment of all prospective CPA licensees. The CBA provides oversight of Uniform CPA Examination administration through various security measures that are enforced, including site inspections and secret shoppers.

The scoring of the Uniform CPA Examination is primarily handled by the American Institute of CPAs. The CBA receives the scores and is responsible for issuing them to each candidate. The CBA also approves examination passage following the receipt, verification, and issuance of passing test scores for each section of the Uniform CPA Examination.



SECTION 2

FISCAL AND STAFF

The CBA's statutory mandate and highest priority is to protect the public. The CBA is self-funded through the fees collected from the professional community it regulates. To achieve its mission, the CBA operates in a fiscally responsible manner to ensure its funds are spent exclusively to support its consumer protection mandate. Through diligent monitoring and oversight of its budget, the CBA has remained fiscally solvent so appropriate resources are available to carry out its licensure and enforcement-related activities.

Pursuant to Executive Orders S-02-06 and D-43-01, and Military and Veterans Code section 999.2, each department shall have an annual statewide participation goal in state procurement and contracting of not less than 25% for Small Business/Micro Business participation and not less than 3% for Disabled Veteran Business Enterprises participation. As such, the CBA continues to plan procurement and contract awards to ensure that the participation goals are achieved by the end of each fiscal year. For fiscal year 2022–23 the CBA's procurement and contract activity for Small Business/Micro Business was 99% and for Disabled Veteran Business Enterprises was 27%.

FISCAL ISSUES

6. Is the CBA's fund continuously appropriated? If yes, please cite the statute outlining this continuous appropriation.

The CBA's fund is not continuously appropriated. It is developed annually and subject to legislative approval.

7. Describe the CBA's current reserve level, spending, and if a statutory reserve level exists.

The CBA's reserve level at the end of fiscal year 2022–23 is \$10,481,000, which is 6.2 months

in reserve. There is no CBA-specific reserve level requirement in statute. The CBA complies with Business and Professions Code section 128.5(a), which limits its fund balance to no more than two years of expenditures, or 24 months in reserve.

The CBA operates within its legislatively established budget and ensures that spending does not exceed its authorized amount. The CBA reverts any unspent monies to its reserve. The reversion varies from year to year and is primarily dependent upon enforcement expenditures.

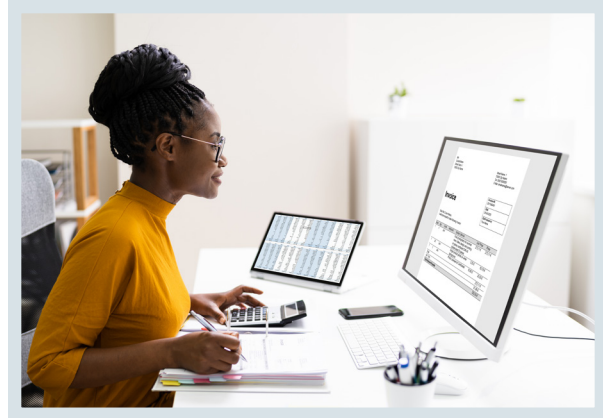
A portion of the CBA's budget is paid to DCA for various support services, which are provided by two primary divisions: Consumer and Client Services Division, and Division of Investigation. The following provides a brief description of the services and the cost methodology.

1) Consumer and Client Services Division consists of:

- Administrative and Information Services, Equal Employment Opportunity Office, Legal Affairs, Strategic Organizational Leadership and Individual Development Training Unit, budgets, accounting, cashiering, and personnel: Costs are based on authorized position count.
- Office of Information Services, which includes telecom, information technology support, local area network/wide area network, and web services: Costs are based on service center usage.
- Communications Division, which includes Office of Public Affairs and Office of Publications, Design and Editing: Costs are based on authorized position count.
- Consumer Information Center and Correspondence Unit: Costs are based on clients' past year workload.

2) *Division of Investigation consists of:*

- Investigative services: Fee for service is based on a two-year roll-forward methodology. This methodology uses a client’s actual workload/costs in the prior year to determine the client’s budget in budget year, which will cover the budget year estimated workload, plus any credit or debit for services already provided.
- Investigations and Services Team: Costs are based on authorized position count.



PRO RATA PAID TO THE CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Budget Amount	\$17,022,000	\$16,323,000	\$18,084,000	\$18,558,000
Pro Rata:				
Client Services	\$2,086,462	\$2,126,358	\$2,599,165	\$2,616,662
Division of Investigation	\$355,314	\$326,470	\$118,977	\$52,090
Percentage of Budget	14.3%	15.0%	15.0%	14.4%

The percentage of the CBA’s budget paid to pro rata is below DCA’s average of 21%.

8. Describe if/when a deficit is projected to occur and if/when fee increase or reduction is anticipated. Describe the fee changes (increases or decreases) anticipated by the CBA.

The CBA operates within its legislatively established budget; however, the CBA has in prior years operated in a negative cash flow. This results in the CBA drawing from its reserve level to fund its yearly operating budget. The CBA is at \$10,481,000 or 6.2 months in reserve as of the end of fiscal year 2022–23, with a projected deficit by fiscal year 2029–30 if the CBA does not take any action to increase its fees.

As part of its prior Sunset Review, the CBA changed its fee structure to establish a minimum fee level of \$250 (an increase from \$120) and increased the statutory maximum from \$250 to \$280 (Assembly Bill 1521, Low, Chapter 359, Statutes of 2019). Although the increase had a positive impact on the CBA’s reserve, the CBA was still operating in a negative cash flow. As a result, in October 2022,

the CBA increased its license renewal and initial licensure fees to the statutory maximum of \$280; however, even at the \$280 level, the CBA’s authorized expenditures continue to outpace its revenues.

Understanding the urgency to determine if its present fee structure and levels were sufficient for the recovery of the actual cost of conducting its programs, in late 2019, the CBA initiated work on finding a contractor to complete a fee analysis. The CBA entered into an agreement with a contractor in early 2020 with an anticipated completion date of mid-2020. Although preliminary work was done in 2020, many tasks were impacted by the COVID-19 pandemic as the CBA transitioned from an office-centric workforce to a remote-centric workforce.

To address the additional time needed to complete the work, the CBA entered into a second agreement with the contractor to complete the fee analysis. Staff engaged and worked closely with the contractor during 2021 and early 2022. The contractor compiled significant workload data and developed methodologies that formed a basic framework for the CBA.

Although the CBA had anticipated the contractor presenting the outcome of the fee analysis, it was instead decided to transition the project to DCA’s Budget Office. The primary reason for the transition was to ensure that any outcomes for a fee analysis included future workload and revenue needs. Since DCA has extensive knowledge in this area, it agreed to take the preliminary work completed by the contractor and finalize the analysis.

In January 2023, DCA presented the CBA’s Fee Analysis, which analyzed whether the CBA’s present fee levels were sufficient to cover the actual cost to perform the corresponding service. The Fee Analysis reflected that the CBA is not collecting fees at the appropriate level to cover the cost of performing specified services.

As a result, the CBA’s revenues are not adequately covering its authorized expenditures, and this is impacting the CBA’s Reserve Fund balance and months in reserve.⁵ Fee increases are necessary to eliminate the structural imbalance and build its months in reserve to ensure the CBA has the resources necessary to carry out its operations.

Using the Fee Analysis as a guide, the CBA approved a legislative proposal that would increase some fees (license renewal, initial permit, and application review fees) and keep other fees associated with entry

into the practice of public accounting at the current level in recognition of the current pipeline issues. The CBA further directed staff to seek an author to carry a bill.

At the conclusion of the January 2023 CBA meeting, the California Society of CPAs suggested the CBA consider a staggered approach to increasing the license renewal fees as there had been two recent increases, January 2020 and October 2022, respectively.

At the March 2023 meeting, staff reported they were unable to find an author to carry legislation for a CBA-specific statutory fee increase, but noted they continued to work with DCA on the possibility of including the CBA fee changes in a DCA-wide bill authored by the Senate Business, Professions and Economic Development Committee.

Staff also reported that, in response to the suggestion by the California Society of CPAs, it was working with DCA’s Budget Office on exploring how a staggered approach to increasing the license renewal fees would impact the Accountancy Fund and whether it could be a viable alternative.

At the May 2023 CBA meeting, staff presented a proposal for a two-step increase for license renewal and initial licensure as follows:⁴

TWO STEP LICENSE RENEWAL FEE INCREASE PROPOSAL			
FEE TYPE	CURRENT FEE	FEE INCREASE 7/1/2024	FEE INCREASE 7/1/2026
Corporation/Partnership Application Review	\$150	\$250	N/A
Renewal License—CPA	\$280	\$340	\$400
Renewal License—Corporation/Partnership	\$280	\$400	\$520

⁴The initial permit and delinquent license renewal fees are set in statute and are based on the license renewal fee level.

The CBA was advised that its fee proposal could be included in the Senate Business, Professions and Economic Development Committee bill. On June 27, 2023, Senate Bill 816 was amended to include the two-step license renewal fee increase approach and the \$250 application review fee for new accountancy firms. The proposal also increases the statutory cap for the CPA application review fee and accountancy firm application fee to \$700 and \$2,000, respectively.

The bill also includes new proposed language that would authorize the CBA to lower license renewal fees if the Accountancy Fund exceeds 24 months in reserve. This will allow the CBA to do a fee reduction, via regulation, if reserves get too high in the future.

TABLE 2. FUND CONDITION (DOLLARS IN THOUSANDS)*						
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23	FY 2023–24	FY 2024–25
Beginning Balance	\$24,201	\$20,816	\$12,880	\$10,750	\$10,481	\$18,792
Prior Year Adjustments	\$-218	\$17	\$403	N/A	N/A	N/A
Adjusted Beginning Balance	\$23,983	\$20,833	\$13,283	\$10,750	\$10,481	\$18,792
Revenues and Transfers (Revenue + Operating Fund + General Fund Loan Transfers)	\$12,680	\$17,821	\$16,032	\$16,705	\$18,360	\$18,360
Interest Income Revenue	\$0	\$84	\$52	\$286	\$125	\$246
Total Revenue	\$12,680	\$17,905	\$16,084	\$16,991	\$18,485	\$18,606
Budget Authority	\$17,022	\$16,323	\$18,084	\$18,558	\$20,174	\$20,737
Actual Expenditures	\$14,707	\$14,754	\$16,320	\$15,145	\$18,763	\$19,326
Disbursements to Other State Agencies	\$1,142	\$1,104	\$1,533	2,115\$	\$1,411	\$1,411
Loans to General Fund	\$0	\$10,000	\$0	\$0	\$0	\$0
Accrued Interest, Loans to General Fund	\$0	\$0	N/A	N/A	N/A	N/A
Loans Repaid from General Fund	\$0	\$0	\$0	\$0	\$10,000	\$0
Fund Balance	\$20,816	\$12,880	\$10,750	\$10,481	\$18,792	\$16,661
Months in Reserve	15.8	8.7	7.5	6.2	10.9	9.6

*Fiscal years 2019–20 through 2022–23 reflect actual expenditures, and fiscal years 2023–24 and 2024–25 reflect projected values.

9. Describe the history of General Fund loans. When were the loans made? When have payments been made to the CBA? Has interest been paid? What is the remaining balance?

Since fiscal year 2002–03 the CBA made seven loans to the General Fund totaling \$41,270,000. The interest rate is determined at the time the General Fund loan is made. Interest is repaid as simple interest and is computed at the time the loan repayment is authorized by the Executive Order and then is repaid by the State Controller’s Office. The chart below reflects the loan and interest amounts.



FISCAL YEAR	LOAN AMOUNT	INTEREST	INTEREST ACCRUED	FISCAL YEAR REPAID
2002–03	\$6,000,000	2.640%	\$2,077,449	2015–16
2003–04	\$270,000	1.640%	\$49,451	2015–16
2008–09	\$4,000,000	2.780%	\$825,033	2015–16
2008–09	\$10,000,000	2.780%	\$2,325,414	2016–17
2010–11	\$10,000,000	0.515%	\$319,825	2016–17
2011–12	\$1,000,000	0.389%	\$21,828	2016–17
2020–21	\$10,000,000	TBD	\$102,000*	Scheduled for 2023–24
TOTAL	\$41,270,000		\$5,721,000	

*Interest noted is an estimate per DCA Budget Office.

The loans to the General Fund were taken from boards that had a healthy reserve balance and that would not experience any impact to their operations should a loan be taken. During 2010, the CBA’s reserve level was approaching 17 months. At the time, the CBA had a statutory provision to keep only nine months of expenditures in its reserve. Given the CBA’s reserve level, several loans were provided to the General Fund. These loans plus interest were paid back by the end of fiscal year 2016–17.

In 2020, Governor Gavin Newsom authorized a \$10 million loan from the Accountancy Fund to the General Fund as a result of the fiscal crisis in California caused by the COVID-19. The Government Code authorizes the Governor to borrow money from special funds, such as the Accountancy Fund, to address the state’s budgetary shortfalls in emergency or crisis situations.

The loan is scheduled for repayment with interest at the end of fiscal year 2023–24. The Department of Finance has not yet published what the interest rate on this loan will be.

10. Describe the amounts and percentages of expenditures by program component. Use Table 3. Expenditures by Program Component to provide a breakdown of the expenditures by the CBA in each program area. Expenditures by each component (except for pro rata) should be broken out by personnel expenditures and other expenditures.

The CBA is comprised of the Executive Office and three programs: Administration, Licensing, and Enforcement. There are approximately 100 staff who serve throughout the CBA in various capacities. The CBA's heaviest expenditures are in its Enforcement Program.



TABLE 3. EXPENDITURES BY PROGRAM COMPONENT (DOLLARS IN THOUSANDS)

	FY 2019–20		FY 2020–21		FY 2021–22		FY 2022–23	
	Personnel Services	OE&E ³	Personnel Services	OE&E ³	Personnel Services	OE&E ³	Personnel Services	OE&E ³
Enforcement	\$2,243	\$117	\$4,129	\$379	\$4,632	\$450	\$4,791	\$-572
Licensing	\$2,365	\$583	\$3,053	\$438	\$3,548	\$405	\$3,604	\$432
Executive ¹	\$474	\$2,635	\$486	\$2,586	\$488	\$2,882	\$549	\$2,866
Administration ²	\$2,263	\$1,048	\$2,284	\$884	\$2,485	\$1,110	\$2,514	\$1,168
DCA Pro Rata	\$N/A	\$2,442	\$N/A	\$2,453	N/A	\$2,718	N/A	\$2,903
TOTALS	\$7,345	\$6,825	\$9,952	\$6,740	\$11,153	\$7,565	\$11,458	\$6,797

¹ Executive expenditure includes costs for executive staff and CBA members.

² Administration expenditures include costs for administrative staff, support, and fiscal services.

³ OE&E includes reimbursements. Enforcement OE&E expenditures for FY 2022–23 appear as a negative number due to an administrative penalty in the amount of \$1.8 million.

11. Describe the amount the CBA contributed to the BreEZe Program.

The CBA began contributing to the BreEZe project in fiscal year 2009–10. Over nine fiscal years, the CBA contributed \$889,248. As of fiscal year 2017–18 and ongoing, the CBA was no longer assessed costs associated with BreEZe.

CBA BREEZE COSTS	
FISCAL YEAR	AMOUNT
2009–10	\$7,322
2010–11	\$23,127
2011–12	\$119,884
2012–13	\$26,523
2013–14	\$212,092
2014–15	\$113,117
2015–16	\$110,130
2016–17	\$277,053
2017–18	\$0
TOTAL	\$889,248

The CBA is collaborating with DCA on a Business Modernization project and has implemented automation internally and externally for stakeholders. The project began in fiscal year 2019–20. More information on Business Modernization can be found in Section 8.

12. Describe license renewal cycles and history of fee changes in the last 10 years. Give the fee authority (Business and Professions Code and California Code of Regulations citation) for each fee charged by the CBA.

LICENSE RENEWAL CYCLES

CPA

CPA licensees renew on a biennial cycle based on the month and year of their birth.

Accounting Firms

Accounting firm licensees (corporations and partnerships) renew on a biennial cycle based on the month and year the original license was issued.

Fictitious Name Registration

Fictitious name permits renew on a five-year cycle based on the month and year the original permit was issued (no fee renewal).

Out-of-State Firm Registration

Out-of-State Firm Registrations renew on a biennial cycle based on the month and year the original registration was issued (no fee renewal).

HISTORY OF FEE CHANGES

Over the last 10-plus years, CBA fees have been both reduced and increased. The fee changes, timeframes, and present fees are as follows:

In fiscal year 2011–12, the CBA implemented a four-year temporary fee reduction that took effect July 1, 2011 and was scheduled to end June 30, 2015. The following fees were reduced:

- Initial license: \$200 to \$120.
- Prorated license: \$100 to \$60.
- License renewal: \$200 to \$120.
- Delinquent fee for late license renewal: \$100 to \$60.

In July 2012, following the first year of lowered renewal fees, the CBA determined that the reduction did not have the anticipated impact to the reserve level because of several unanticipated cuts in spending and hiring freezes mandated by the Governor due to the economic downturn. Therefore, the CBA initiated another fee reduction in January 2013 that became effective July 2014.

This reduction was for a two-year timeframe and lowered the license renewal and initial license fee to \$50. The CBA also reduced several other fees associated with applications to ease entry into the practice of accountancy. The following fees were reduced:

- License application: \$250 to \$50.
- Uniform CPA Examination application: \$100 to \$50 for first-time exam applicants; \$50 to \$25 for repeat examination applicants.
- Initial license: \$120 to \$50.
- Prorated license: \$60 to \$25.
- License renewal: \$120 to \$50.
- Delinquent fee for late license renewal: \$60 to \$25.

In fiscal year 2014–15, the CBA conducted an analysis of the Accountancy Fund and fee level structure and initiated a rulemaking to restore the license renewal and initial license fee to \$200. This was done to increase the CBA Reserve, which at the time was projected to be at approximately six months. The Department of Finance disapproved the regulatory proposal and, as a result, the license renewal fee of \$120 was reinstated. Beginning July 1, 2016, the following fees were in place:

- License application: \$250.
- Uniform CPA Examination application: \$100 for first-time exam applicants; \$50 for repeat examination applicants.
- Initial license: \$120.
- Prorated license: \$60.
- License renewal: \$120.
- Delinquent fee for late license renewal: \$60.

In fiscal year 2017–18, the CBA initiated a rulemaking to increase the license renewal and initial license fees to the statutory maximum (that existed at that time) of \$250. Based on the information available at that time, the increased fee would more closely align revenues and expenditures, provide sufficient resources in the reserve for future CBA operations, and progress toward a 24-months-in-reserve level, as recommended by the Legislature during its 2015 Sunset Review.⁵ The CBA referenced the rulemaking for the increased fee in its 2018 Sunset Review Report.

In 2019, as the CBA was undergoing its Sunset Review, it began pursuing a change to increase the statutory maximum for license renewal and initial license fees. Working with stakeholders and the Chair of the Assembly Business and Professions Committee, the CBA was successful at creating a new fee structure that established a statutory minimum fee level of \$250 and a statutory maximum level of \$280. Specifically, Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019) established the following fees effective January 1, 2020:

- Initial license: \$250.
- License renewal \$250.
- Delinquent fee for late license renewal: \$125.

Although this created a significant increase in CBA revenue, the CBA's authorized expenditures continued to outpace its revenues. As a result, the CBA continued pursuing a regulatory fee increase to the new statutory fee increase. This fee increase was approved, and the following fees were effective October 1, 2022:

- Initial license: \$280.
- License renewal \$280.
- Delinquent fee for late license renewal: \$140.

During the Sunset Review hearings that occurred in 2019, it was agreed that the CBA would conduct a fee analysis to determine if the present fee levels were adequate to cover the cost of providing specified services. Based on the outcome of this analysis, the CBA could take steps, if necessary, to pursue changes to its fee structure in statute, regulation, or both.

In fiscal year 2022–23, the CBA concluded a fee analysis of the Accountancy Fund and fee level structure. Based on the outcome of the fee analysis, the CBA approved statutory changes to increase the license renewal and initial license fees.

The need for fee increases is threefold: (1) to align fees more closely with the cost of performing the related service; (2) to eliminate the negative annual

⁵ During the CBA's 2015 Sunset Review, the Legislature recommended that the reserve remain at or near 24 months in reserve, which would position the CBA to handle large enforcement matters.

cash flow, where authorized expenditures outpace revenues; and (3) to increase the CBA reserve, which is currently projected to be at \$10,481,000 or 6.2 months at the end of fiscal year 2022–23.

Absent any fee increase CBA reserves are projected to steadily decline and the fund will have a deficit by fiscal year 2029–30 of -0.9 months.

FEE AUTHORITY		
	BUSINESS AND PROFESSIONS CODE SECTION 5134 (SUBDIVISIONS LISTED BELOW)	TITLE 16, CALIFORNIA CODE OF REGULATIONS, DIVISION 1, ARTICLE 10, SECTION 70 (SUBDIVISIONS LISTED BELOW)
CPA License Application Review	(b)	(b)
Accountancy Firm License Application Review	(c)	N/A
Uniform CPA Examination Application Review	(a)	(a)
Initial License	(j)	N/A
CPA License Biennial Renewal	(d)	N/A
Accountancy Firm License Biennial Renewal	(e)	N/A
Delinquent Biennial Renewal	(i)	N/A
Retired Status	(g)	(i)(1)
Certifications	(k)	N/A

TABLE 4. FEE SCHEDULE AND REVENUE								
Fee	Current Fee Amount	Statutory Limit	FY 2019–20 Revenue	FY 2020–21 Revenue	FY 2021–22 Revenue	FY 2022–23 Revenue	4-Year Total	% of Total Revenue ⁷
Renewal Fees ¹	\$280	\$280	\$7,690	\$11,299	\$11,203	\$12,130	\$42,322	67%
Delinquent Renewal Fees ²	\$140	\$140	\$157	\$255	\$292	\$345	\$1,049	2%
Other Regulatory Fees ³			\$540	\$1,788	\$174	\$126	\$2,628	4%
Other Regulatory Licenses and Permits ⁴			\$3,848	\$4,455	\$4,354	\$4,086	\$16,742	26%
Income from Surplus Money Investments			\$431	\$84	\$52	\$286	\$853	1%
Escheat of Unclaimed Warrants ⁵			\$10	\$10	\$7	\$1	\$28	0%
Miscellaneous Revenues ⁶			\$4	\$2	\$2	\$17	\$25	0%
Settlements and Judgments—Other			\$0	\$12	\$0	\$0	\$12	0%
		Total:	\$12,680	\$17,905	\$16,084	\$16,991	\$63,659	100%

¹ Renewal fees are paid biennially.

² Delinquent renewal fees are paid biennially.

³ This category includes name changes, certifications, duplicate certificates, and fines.

⁴ This category includes examination fees and initial permits.

⁵ This category includes escheats of unclaimed warrants and checks.

⁶ This category includes canceled warrants and other miscellaneous income.

⁷ Percentage reflects four-year total. Categories indicating 0% of total revenue have been rounded and represent less than 0.5%.

13. Describe Budget Change Proposals (BCPs) submitted by the CBA in the past four fiscal years.

The CBA takes extensive internal assessments prior to initiating a request for additional staffing resources to determine if existing resources can address the workload needs. This assessment process includes:

- Each program manager monitors processes, streamlines tasks, assesses staff allocation, and reviews volume of workload.
- Each program manager, in conjunction with the Division Chief, works to explore whether program efficiencies and priority adjustments can meet the workload need.
- Each program manager explores the use of overtime (for short-term use).
- Division Chiefs explore a temporary redirection of staff from other program areas within the Division.
- The Division Chief works with other Division Chiefs and the Executive Officer to assess the staffing resources throughout the CBA and determines if redirection between Divisions can be achieved without compromising the program activities, expectations for processing timeframes, and existing level of customer service.

The CBA is conducting the above activities to determine if additional staffing resources are necessary and will submit associated BCPs in 2023–24 as appropriate.

OVERVIEW OF THE BUDGET CHANGE PROPOSALS

Fiscal Year 2019–20

Business Modernization—Approved

To ensure the CBA had sufficient resources to support its Business Modernization activities, two Associate Governmental Program Analysts were obtained for a one-year limited term. This enabled two seasoned staff to be redirected (one each from Licensing and Enforcement) to assist in the planning activities for Business Modernization.

CBA Workload and Uniform CPA Examination Funding—Approved

The CBA obtained 10 permanent positions to replace temporary staff. The permanent positions were needed to address ongoing workload that had been previously handled by temporary staff (seasonal clerks and permanent intermittent staff).

The CBA also obtained permanent funding for its Uniform CPA Examination contract for services related to Americans with Disabilities Act accommodation costs.

Fiscal Year 2023–24

Regulatory Analyst—Approved

The CBA requested one full time Associate Governmental Program Analyst position to serve as its Regulatory Analyst to process rulemakings initiated by the CBA.

TABLE 5. BUDGET CHANGE PROPOSALS (DOLLARS IN THOUSANDS)								
BCP ID#	FISCAL YEAR	DESCRIPTION OF PURPOSE OF BCP	PERSONNEL SERVICES				OE&E	
			# Staff Requested (Include Classification)	# Staff Approved (Include classification)	\$	\$ Approved	\$ Requested	\$ Approved
1111-001-BCP-2019- GB	2019–20	Business Modernization	2 AGPA, 1 year	2 AGPA, 1 year	\$224	\$224	\$27	\$27
1111-002-BCP-2019-GB	2019–20	Board and Bureau Workload and CPA Exam	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	10 (4 OA, 2 PTII, 1 SSA, 3 AGPA)	\$490	\$490	\$78	\$78
1111-029-BCP-2023-GB	2023–24	Regulatory Analyst	1 AGPA	1 AGPA	\$129	\$129	\$33	\$33

14. Describe any CBA staffing issues/challenges, i.e., vacancy rates, efforts to reclassify positions, staff turnover, recruitment and retention efforts, succession planning.

The CBA leverages its existing resources to meet new mandates, implement and maintain its Licensing Programs, and most importantly ensure the Enforcement Program has the tools necessary to ensure licensees practice public accountancy in accordance with established professional standards.

The CBA recognizes the need to initiate proactive steps to address specific succession issues that may develop in the future and to retain institutional knowledge. The CBA's Workforce and Succession Plan addresses workforce planning related to key CBA staff.

Investigative Certified Public Accountant and Supervising Investigative Certified Public Accountant Recruitment Issues

The CBA relies on highly qualified, specialized Investigative Certified Public Accountants and Supervising Investigative Certified Public Accountants to perform its most technical and complex investigations. The CBA has previously and continues to experience problems in recruitment in these classifications due to noncompetitive compensation associated with the series. At the end of fiscal year 2022–23, the CBA had four Investigative Certified Public Accountant vacancies. If the positions are not adequately filled, investigations are not completed timely and effectively.

Investigative Certified Public Accountant Recruitment Challenges

September 2017 was the last time the CBA had all 12 Investigative Certified Public Accountant positions filled. By the end of 2018, the CBA had four Investigative Certified Public Accountant vacancies resulting from three retirements and one resignation.⁶ In January 2022, an Investigative Certified Public Accountant was hired, but—shortly after—the incumbent resigned in March 2022.

Supervising Investigative Certified Public Accountant Recruitment Challenges

Direct oversight of the Investigative Certified Public Accountants is performed by Supervising Investigative Certified Public Accountants. One of the Supervising Investigative Certified Public Accountant positions has been vacant since December 2020. The CBA has experienced challenges in filling the position as under the current Pay Differential 347 language, an individual who accepts a Supervising Investigative Certified Public Accountant promotion would be required to forfeit the prior retention bonus.⁷ This has deterred internal qualified candidates from accepting or applying for a Supervising Investigative Certified Public Accountant position. The vacant position has impacted case review timeframes resulting in delays in pursuing enforcement action.

Below is an overview of the activities pursued for addressing the recruitment challenges and the present status.

RECRUITMENT ACTIVITIES

The CBA advertises for vacant specialized Investigative Certified Public Accountants and Supervising Investigative Certified Public Accountants positions through continuous filing

⁶ An Investigative Certified Public Accountant was hired in October 2018; however, another retired in December 2019, extending the number of vacancies to four.

⁷ Employees in the Investigative Certified Public Accountant classification who have been at the maximum of the salary rate for 12 consecutive qualifying pay periods are eligible for an annual payment of 15% of their current annual base salary payable 30 days following the completion of every 12 consecutive qualifying pay periods up to 24 consecutive qualifying pay periods. Employees remaining in the Investigative Certified Public Accountant classification longer than 24 consecutive qualifying pay periods will be eligible for an annual payment of 20% of their current annual base salary payable 30 days following the completion of every 12 consecutive qualifying pay periods.

recruitment, which allows for candidates to apply on a continuous basis, as opposed to setting a final filing date which limits the candidate pool. However, despite these efforts, the CBA has been unsuccessful in recruiting for these positions. To help promote the vacancies, the CBA has also posted articles regarding the job opportunities and examinations in the CBA's *UPDATE* newsletter publication.

In spring 2021, the CBA sent out a mass email to 40,000 active CPAs to solicit interest in its Investigative Certified Public Accountant positions. The email had a link to the Investigative Certified Public Accountant recruitment brochure, which can also be found on the CBA website. The brochure provides information about the qualifications required for the job and benefits offered, as well as instructions on how to apply for the position online.

From this mass email, only three individuals applied for the vacant Investigative Certified Public Accountant positions, one of which was hired in January 2022 and later resigned in March 2022. Additionally, the CBA has promoted the vacancies on its various social media platforms and is exploring the use of using an outside vendor to help with marketing and recruitment.

The CBA has been working with DCA on the Supervising Investigative Certified Public Accountant retention bonus for several years. The CBA has submitted requests to DCA's Office of Human Resources and subsequently to the California Department of Human Resources to revise the pay differential language that would allow internal candidates to retain their bonus when promoting to the Supervising Investigative Certified Public Accountant classification.

In early December 2022, the CBA was notified that the proposal to modify the pay differential language will be submitted for consideration in the upcoming 2023 bargaining negotiations between the California Department of Human Resources and the Service Employees International Union. Further, the CBA was informed that a salary study for the Investigative CPA series was approved as a provision in the next bargaining unit contract.

15. Describe the CBA's staff development efforts and total spent annually on staff development.

The success of the CBA is largely dependent upon having well-qualified, motivated, and trained staff. Therefore, staff development is a key area of focus for the CBA so it may achieve and maintain high levels of customer service and stakeholder satisfaction.

The CBA fosters an environment of staff growth and career development. Provided below are highlights of CBA activities that occur to both promote and support upward mobility for staff.

INDIVIDUAL DEVELOPMENT PLAN

Annually, CBA management meets with staff to review and implement an Individual Development Plan, which is a document that guides a staff member's future learning objectives and goals for advancement. During these discussions, management works collaboratively with staff to determine training opportunities that may assist that employee in their job training and upward mobility.

GROW YOUR CAREER

The CBA maintains an internal website called "Grow Your Career" to assist staff in their development efforts. The Grow Your Career site is a one-stop shop that contains significant resources to assist staff to further their state career. Information available includes:

- Job opportunities.
- Training resources.
- Resume writing.
- Interviewing techniques and questions.
- Exam study guides.
- Sample in-basket assignments.

CUSTOMER SERVICE TRAINING

In 2022, all staff completed DCA's Exceptional Customer Service Training. The training highlighted that every interaction is an opportunity to provide stellar customer service and staff were taught new skills to assist them in ensuring that all CBA stakeholders are met with positive experiences.

This is consistent with the CBA’s 2022–24 Strategic Plan that includes the goal to deliver the highest level of customer service.

TRAINING OPPORTUNITIES

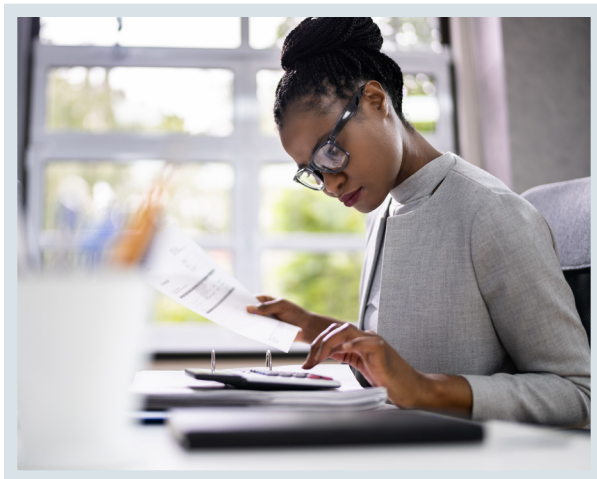
CBA management provides staff with information on available training, including formal classroom and webinar-based training. The trainings range from customer service and program management to more focused training on topics such as contracts, personnel, and rulemaking.

Staff are encouraged to sign up for training courses through DCA’s SOLID Training Unit as well as explore training offered by external agencies, such as the California Department of Human Resources and other external training vendors.

Additionally, the CBA provides cross-training opportunities, which allow staff to build their knowledge, skills, and experience.

UPWARD MOBILITY PROGRAM

Upward mobility is the planned development and advancement of employees from positions in low-paying occupations to enter technical, professional, and administrative positions. The CBA posts information regarding DCA’s upward mobility program on the CBA intranet in the “Grow Your Career” section.



SPECIALIZED TRAINING

The CBA pays for specialized staff training for those whose job duties require it, which DCA and California Department of Human Resources are unable to provide. This is most applicable to the CBA’s Investigative Certified Public Accountants, who must take various continuing education courses on a biennial basis to maintain their CPA license. Other examples include information technology training and budget/financial management training.

TRAINING COSTS

The following are the CBA’s annual training expenditures:

CBA TRAINING EXPENDITURES	
FISCAL YEAR	AMOUNT
2018–19	\$7,180
2019–20	\$7,043
2020–21	\$2,496
2021–22	\$11,339
2022–23	\$6,030

A significant amount of training is offered at no cost through DCA. This includes self-paced tutorials, webinars, participatory virtual sessions that allow for interactions with the instructors and other participants, as well as in-person classes.

SECTION 3

LICENSING PROGRAM

The Licensing Program’s primary charge in meeting the CBA’s consumer-protection mission is to regulate entry and continuing practice in the profession by ensuring that only those who are qualified are licensed to practice public accountancy.

16. What are the CBA’s performance targets/ expectations for its licensing program? Is the CBA meeting those expectations? If not, what is the CBA doing to improve performance?

The CBA maintains a 30-day processing target for its applications. The 30-day processing timeframe is the target reported to the Governor’s Office and Legislature as part of the performance-based budgeting and is included in the CBA’s 2022–2024 Strategic Plan.

DCA collects licensing performance measurements from each DCA entity and publicly displays the information on their website.

The COVID-19 pandemic negatively impacted processing times in 2019–20 and 2020–21. The CBA successfully implemented telework procedures and business modernization solutions that resulted in the targets being met in fiscal years 2021–22 and 2022–23.

17. Describe any increase or decrease in the CBA’s average time to process applications, administer exams and/or issue licenses. Have pending applications grown at a rate that exceeds completed applications? If so, what has been done by the CBA to address them? What are the performance barriers and what improvement plans are in place? What has the CBA done and what is the CBA going to do to address any performance issues, i.e., process efficiencies, regulations, BCP, legislation?

The CBA’s average time to process an application and issue a license temporarily increased beyond the 30-day target during fiscal years 2019–20 and 2020–21 due to the COVID-19 pandemic when the CBA was establishing and implementing telework. The CBA quickly enhanced telework and hybrid work procedures to ensure that applications were processed in a timely manner. Beginning in fiscal year 2021–22, the CBA has met or exceeded the 30-day processing goal. Pending applications are not growing at a rate exceeding completed applications.

The CBA is currently engaged in a multiyear project with a goal to clarify the educational requirements required to obtain a CPA license. The project was named SURE CPA for Students Understanding the Requirements to be a Certified Public Accountant. More information on the SURE CPA project can be found in Section 1.

PROCESSING CYCLE TIME (COMPLETE APPLICATION)				
APPLICATION TYPE	2019–20	2020–21	2021–22	2022–23
First-Time Exam	30	43	17	23
Initial CPA License	36	64	12	18
Accountancy Corporation	80	105	20	22
Accountancy Partnership	60	65	16	19
Fictitious Name Registration	21	48	10	9
Out-of-State Firm Registration	24	31	12	1

TABLE 6. LICENSEE POPULATION¹

		FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Certified Public Accountant	Active ²	57,162	58,529	65,968	65,123
	Out of State	--	--	--	7,864
	Out of Country	--	--	--	804
	Delinquent/Expired	10,973	11,613	13,015	14,213
	Retired Status	3,112	3,774	3,853	4,406
	Inactive	30,658	30,617	22,540	22,048
	Other ³	--	--	--	--
Accountancy Partnership	Active	1,349	1,357	1,326	1,311
	Out of State	--	--	--	47
	Out of Country	--	--	--	0
	Delinquent/Expired	--	--	--	174
	Retired Status (Not Applicable)	N/A ⁴	N/A	N/A	N/A
	Inactive	N/A	N/A	N/A	N/A
	Other	--	--	--	56
Accountancy Corporation	Active	4,242	4,357	4,385	4,329
	Out of State	--	--	--	92
	Out of Country	--	--	--	0
	Delinquent/Expired	--	--	--	584
	Retired Status (Not Applicable)	N/A ⁴	N/A	N/A	N/A
	Inactive	N/A	N/A	N/A	N/A
	Other	--	--	--	57
Fictitious Name Registration	Active	2,491	2,577	2,633	2,680
	Out of State	--	--	--	58
	Out of Country	--	--	--	1
	Delinquent/Expired (Not Applicable)	N/A	N/A	N/A	N/A
	Retired Status (Not Applicable)	N/A	N/A	N/A	N/A
	Inactive (Not Applicable)	N/A	N/A	N/A	N/A
	Other (Not Applicable)	--	--	--	27
Out-of-State Firm Registration	Active	721	790	859	875
	Out of State	721	790	859	874
	Out of Country	--	--	--	1
	Delinquent/Expired	--	--	--	1
	Retired Status (Not Applicable)	N/A	N/A	N/A	N/A
	Inactive (Not Applicable)	N/A	N/A	N/A	N/A
	Other	N/A	N/A	N/A	2

Note: “Out of State” and “Out of Country” are two mutually exclusive categories. A licensee should not be counted in both.

¹ Fields denoted with a double dash represent fields where data is not available. Since the CBA’s last sunset report in 2018, the data reporting tools have changed. The new reporting tools are more robust and dynamic, but they cannot provide historical data. The CBA discovered this discrepancy during the preparation of this report and has implemented procedures to capture this data going forward.

² Active is defined as a status type that allows the practice of public accountancy.

³ Other is defined in the California Department of Consumer Affairs Annual Report as a status type that does not allow practice in California, exclusive of retired, inactive, canceled, revoked, or surrendered.

⁴ Throughout this report, cells denoted with “N/A” indicate the data is not applicable.

TABLE 7A. LICENSING DATA BY TYPE¹

APPLICATION TYPE		RECEIVED	APPROVED	ISSUED	PENDING APPLICATIONS			CYCLE TIMES		
					TOTAL (CLOSE OF FY)	OUTSIDE BOARD CONTROL	WITHIN BOARD CONTROL	COMPLETE APPS	INCOMPLETE APPS	COMBINED UNABLE TO SEPARATE
FY 2019-20	Exam	5,989	5,211	N/A	--	488	--	30	101	N/A
	CPA License	3,269	2,595	2,478	1,424	1,266	158	36	131	N/A
	COR	195	144	144	70	42	30	80	92	N/A
	PAR	55	39	39	60	60	0	60	73	N/A
	Renewal	48,319	N/A	48,319	N/A	N/A	N/A	N/A	N/A	N/A
FY 2020-21	Exam	6,074	6,183	N/A	--	487	--	43	104	N/A
	CPA License	3,577	4,046	4,069	869	832	37	64	194	N/A
	COR	208	243	243	21	21	0	105	131	N/A
	PAR	52	60	60	18	18	0	65	94	N/A
	Renewal	46,986	N/A	46,986	N/A	N/A	N/A	N/A	N/A	N/A ²
FY 2021-22	Exam	5,734	5,188	N/A	--	443	--	17	70	N/A
	CPA License	3,262	3,426	3,426	554	527	27	12	114	N/A
	COR	233	223	223	24	24	0	20	90	N/A
	PAR	51	48	48	5	5	0	16	65	N/A
	Renewal	45,747 ³	N/A	47,250	260	260	0	N/A	N/A	7

¹ Fields denoted with a double dash represent fields where data is not available. Since the CBA's last sunset report in 2018, the data reporting tools have changed. The new reporting tools are more robust and dynamic, but they cannot provide historical data. The CBA discovered this discrepancy during the preparation of this report and has implemented procedures to capture this data going forward.

² Processing times for renewals were not captured prior to the implementation of Business and Professions Code section 139.5 on July 1, 2021.

³ Prior to the implementation of the online application CBA Connect, renewal applications were automatically approved upon receipt. With the launch of CBA Connect in April 2022, renewal applications were checked for completeness and compliance with continuing education prior to issuance. Therefore, the way renewal applications are reported changed in 2021-22.

TABLE 7A. LICENSING DATA BY TYPE										
APPLICATION TYPE		RECEIVED	APPROVED	ISSUED	PENDING APPLICATIONS			CYCLE TIMES		
					TOTAL (CLOSE OF FY)	OUTSIDE BOARD CONTROL	WITHIN BOARD CONTROL	COMPLETE APPS	INCOMPLETE APPS	COMBINED UNABLE TO SEPARATE
FY 2022-23	Exam	6,657	5,392	N/A	--	--	--	23	86	N/A
	CPA License	2,984	2,868	2,876	147	16	131	17	109	N/A
	COR	207	211	211	0	0	0	20	74	N/A
	PAR	53	58	58	0	0	0	22	60	N/A
	Renewal	45,698	N/A	45,037	880	729	151	N/A	N/A	8

18. How many licenses or registrations has the CBA denied over the past four years based on criminal history that is determined to be substantially related to the qualifications, functions, or duties of the profession, pursuant to BPC § 480? Please provide a breakdown of each instance of denial and the acts the CBA determined were substantially related.

The CBA denied one application for CPA licensure in the last four years based on criminal history that was determined to be substantially related to the qualifications, functions, or duties of the profession, pursuant to Business and Professions Code section 480. The applicant was convicted of three misdemeanors and one felony and failed to report one of the convictions to the CBA. The CBA determined the acts were substantially related pursuant to California Code of Regulations, title 16, section 99.

TABLE 7B. LICENSE DENIAL				
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
License Applications Denied (no hearing requested)	1	1	1	0
SOIs Filed	1	1	1	1
Average Days to File SOI (from request for hearing to SOI filed)	57	82	54	162
SOIs Declined	0	0	0	0
SOIs Withdrawn ¹	0	1	1	1
SOIs Dismissed (license granted)	0	0	0	0
License Issued with Probation / Probationary License Issued	0	0	0	0
Average Days to Complete (from SOI filing to outcome)	137	412	152	N/A ²

¹ All three respondents withdrew their appeals and requests for hearings of their Statements of Issues (SOIs). Accordingly, all three SOIs were withdrawn without prejudice.

² The SOI was still pending at the close of the fiscal year.

19. How does the CBA verify information provided by the applicant?

Consistent with the CBA's mission of consumer protection, to ensure only qualified licensees practice public accountancy, staff undertake a thorough review of all applications for licensure to ensure applicants have met all statutory requirements and that the documentation supporting licensure is valid and authentic.

Applicants for examination or licensure must submit a signed application verifying the information provided therein is true and correct and an official transcript with the application in an envelope sealed by the institution or sent directly to the CBA. Additionally, to ensure authenticity, the CBA reviews and verifies documents submitted by applicants and third parties in support of their applications.

a. What process does the CBA use to check prior criminal history information, prior disciplinary actions, or other unlawful acts of the applicant? Has the CBA denied any licenses over the last four years based on the applicant's failure to disclose information on the application, including failure to self-disclose criminal history? If so, how many times and for what types of crimes (please be specific)?

The CBA requires applicants to submit fingerprints to the Department of Justice for a state and federal criminal offender record information search prior to licensure. The applicant is provided the necessary forms and information for fingerprinting after the CBA receives an application. The CBA is notified by the Department of Justice when a licensee is arrested. Further, the CBA requires licensees to self-report prior criminal history and any enforcement actions taken against them by another state, federal agency, or foreign country on their renewal application.

Additionally, applicants that are licensed by other state board(s) of accountancy go through an additional check. The CBA verifies disciplinary actions through a national database (the National Association of State Boards of Accountancy's Accountancy Licensee Database⁸), other state boards' online license lookup features, and/or written and verbal confirmation from the out-of-state licensing board, as needed.

The CBA has not denied any application over the past four years based on failure to disclose information on the application, including failure to self-disclose criminal history.

b. Does the CBA fingerprint all applicants?

Yes. Since 1998, the Legislature has required applicants for CPA licensure to complete the fingerprint requirement as a condition of licensure.

Prior to mandatory fingerprinting at the time of initial licensure, a significant portion of the CPA population did not have fingerprints on file with the Department of Justice. To address this gap and further its consumer-protection mandate, beginning in January 2014 and with licensees that renewed their license in an active status, individuals without fingerprint information on file with the Department of Justice were required to submit fingerprints.

Additionally, the CBA receives subsequent arrest notifications for all licensees who are fingerprinted. This allows the CBA to evaluate if certain arrests require immediate action to further safeguard consumers.

While the fingerprinting requirement allows the CBA to evaluate criminal history information to determine potential consumer risk, it also serves as a backstop to self-reporting to ensure any future arrest and criminal convictions are brought

⁸ The Accountancy Licensee Database is a central repository of license information for CPAs and accounting firms. Accountancy Licensee Database is designed to provide license information specific to each participating state board.

to the CBA's attention. This allows the CBA to further achieve its consumer protection mandate with the ability to act as necessary and warranted, including seeking interim suspension orders or other restrictions as authorized by law.

c. Have all current licensees been fingerprinted? If not, explain.

Presently, all CPAs licensed by the CBA who are actively practicing public accountancy have been fingerprinted.

The CBA waives the fingerprint requirement for all CPAs who are not in public practice—inactive, retired, or actively serving in the United States military.

Should CPAs for whom the fingerprint requirement was waived seek to convert their license to an active status, they are required to submit fingerprints for completing a state- and federal-level criminal offender record information search.

d. Is there a national databank relating to disciplinary actions? Does the CBA check the national databank prior to issuing a license? Renewing a license?

Yes. A national databank does exist. The database was developed and is managed by the National Association of State Boards of Accountancy and is known as the Accountancy Licensee Database. At the time of initial licensure, staff checks the Accountancy Licensee Database to determine if applicants are licensed in another jurisdiction and if any disciplinary actions have been reported.

While the CBA does not perform a check of this database at the time of license renewal, the Enforcement Program receives email notification alerts from the Accountancy Licensee Database manager regarding disciplinary actions taken against California licensees who are also licensed in other states. Investigations are opened to determine if any enforcement action is warranted.

Additionally, with the license renewal application, the CBA includes a question inquiring whether the licensee has had any disciplinary actions taken by another licensing body. Licensees must report any disciplinary actions taken by another licensing body within 30 days.

e. Does the CBA require primary source documentation?

The CBA requires primary source documentation be submitted to verify whether an applicant has met the requirements to qualify to take the Uniform CPA Examination and to obtain CPA licensure:

- Official educational transcripts.
- Evidence of the passage of the Uniform CPA Examination (received from National Association of State Boards of Accountancy).
- Passage of the Ethics Examination (received directly from the testing administrator).
- Criminal offender record information (received directly from the Department of Justice).

20. Describe the CBA's legal requirement and process for out-of-state and out-of-country applicants to obtain licensure.

Out-of-state and out-of-country applicants are subject to much of the same requirements and review as in-state applicants.

The Accountancy Act does provide some exceptions to certain requirements. These applicants must still complete all other statutory and regulatory requirements, including passage of a California Ethics Examination and submit fingerprints.

- Out-of-state CPAs applying for a California license may be deemed to have met California's examination, education, and experience requirement if they hold a valid and unrevoked CPA license in another state provided certain requirements are met.

- If an applicant is licensed to engage in the practice of public accountancy under the laws of any country with a CBA-recognized mutual recognition agreement,⁹ the applicant will be deemed to have satisfied the Uniform CPA Examination requirement.¹⁰

Out-of-state accounting firms that intend to perform certain services (as outlined below) for a California-headquartered entity must register with the CBA:

- An audit or review of a financial statement.
- A compilation of a financial statement when it is expected, or reasonably might be expected, that a third party will use the financial statement.
- An examination of prospective financial information.

21. Describe the CBA’s process, if any, for considering military education, training, and experience for purposes of licensing or credentialing requirements, including college credit equivalency.

The CBA offers licensure application and renewal assistance programs for past and present military personnel and their spouses/domestic partners by providing expedited application processing, direct contact with the CBA military/refugee liaison, and evaluation of college transcripts to help verify acceptable educational credit.

An applicant's education or accounting experience obtained in the military may qualify toward CPA licensure. Military education must conform to the requirements prescribed in California Code of Regulations, title 16, sections 9.2, 11, and 11.1, and must be documented on an official transcript

from a degree-granting college, university, or other institution of learning recognized by an accrediting agency. Military experience must conform to the requirements prescribed in California Code of Regulations, title 16, section 12 or 12.5 and be completed under the supervision of a person holding a valid license or comparable authority to practice public accounting.

a. Does the CBA identify or track applicants who are veterans? If not, when does the CBA expect to be compliant with BPC § 114.5?

The CBA application requests information on military or veteran status to identify and track applicants who are currently in and who have been honorably discharged from the military. In the past four fiscal years, the CBA has received 48 active military applications and approved 36. The CBA has received 34 applications from veterans and approved 26.

b. How many applicants offered military education, training, or experience toward meeting licensing or credentialing requirements, and how many applicants had such education, training, or experience accepted by the CBA?

As military education and qualifying experience meet the requirements of the Accountancy Act and California Code of Regulations, transcript and experience documents specific to the military are not tracked separately. Education from military colleges meets CBA’s educational requirements as the education is earned from a degree-granting college or university, or other accredited institution of higher learning.

⁹ A mutual recognition agreement provides an abbreviated qualification pathway for eligible accounting professionals in the United States and other countries deemed to have similar licensure requirements.

¹⁰ The CBA recognizes members from the following chartered accountancy licensing bodies: Chartered Professional Accountants of Canada, Instituto Mexicano de Contadores Públicos, Chartered Accountants Ireland, Chartered Accountants Australia and New Zealand, CPA Australia, Institute of Chartered Accountants of Scotland, South African Institute of Chartered Accountants, Institute of Certified Public Accountants in Ireland.

c. What regulatory changes has the CBA made to bring it into conformance with BPC § 35?

The CBA has not initiated any rulemaking with respect to Business and Professions Code section 35. The CBA has the authority to consider government-earned experience toward the general accounting experience requirement. As the military is a branch of the government, provided the applicant obtained qualifying experience, it would qualify toward licensure. The Accountancy Act provides sufficient latitude for accepting military-earned education and experience. The CBA currently conforms to the provisions of Business and Professions Code section 35 as it historically has and continues to accept education and experience obtained in the military toward CPA licensure.

d. How many licensees has the CBA waived fees or requirements for pursuant to BPC § 114.3, and what has the impact been on CBA revenues?

Since fiscal year 2019–20, the CBA has waived fees and renewal requirements for seven licensees pursuant to Business and Professions Code section 114.3.

e. How many applications has the CBA expedited pursuant to BPC § 115.5?

Since fiscal year 2019–2020, the CBA has received five and approved four applications for expedited licensure pursuant to Business and Professions Code section 115.5.

22. Does the CBA send No Longer Interested notifications to the Department of Justice on a regular and ongoing basis? Is this done electronically? Is there a backlog? If so, describe the extent and efforts to address the backlog.

The CBA sends No Longer Interested notifications to the Department of Justice electronically. No Longer Interested notifications are sent for applicants who did not complete the process and for licensees who are revoked, canceled, or deceased. The CBA is up to date in its No Longer Interested notifications and there is no backlog.

TABLE 8. EXAMINATION DATA					
CALIFORNIA EXAMINATION					
EXAM TITLE	PROFESSIONAL ETHICS FOR CPAS				
Fiscal Year	# OF 1 ST TIME CANDIDATES	PASS % ¹		# OF REPEAT CANDIDATES	PASS %
2019–20	1,652	93.5		2,098	98.3
2020–21	1,557	88.6		1,957	92.6
2021–22	1,162	82.4		2,580	87.2
2022–23	833	74.2		2,414	89.7
Date of Last Occupational Analysis		2022 (national) ²			
Name of Occupational Analysis Developer		American Institute of CPAs Board of Examiners			
Target Occupational Analysis Date		To Be Determined			

¹ The pass rates are based on the number of unique candidates who took the exam and not on the number exams administered (e.g., a candidate who passed the Professional Ethics for CPAs exam on the second attempt are counted only once in the numerator and denominator).

² This information was provided by California Society of CPAs. The DCA Office of Examination Services is currently conducting an occupational analysis.

TABLE 8. EXAMINATION DATA

NATIONAL EXAMINATION							
EXAM TITLE	UNIFORM CPA EXAMINATION						
FISCAL YEAR	QUARTERS	# OF 1 ST TIME CANDIDATES	TOTAL # OF SECTIONS	PASS % ¹	# OF REPEAT CANDIDATES	TOTAL # OF SECTIONS	PASS %
FY 2019–20	Quarter 1	1,396	2,405	55%	4,429	5,080	50%
	Quarter 2	1,259	2,254	52%	4,453	4,491	49%
	Quarter 3	1,042	1,716	49%	3,830	4,098	49%
	Quarter 4	436	793	71%	2,019	1,930	65%
FY 2020–21	Quarter 1	1,097	1,852	64%	3,787	4,538	57%
	Quarter 2	1,345	2,521	55%	4,338	4,948	48%
	Quarter 3	933	1,512	58%	3,064	3,311	51%
	Quarter 4	1,069	1,888	56%	3,776	4,615	49%
FY 2021–22	Quarter 1	1,186	2,048	55%	3,342	3,715	51%
	Quarter 2	919	1,581	54%	3,483	4,030	51%
	Quarter 3	711	1,120	51%	2,798	3,100	48%
	Quarter 4	828	1,372	54%	2,984	3,320	51%
FY 2022–23	Quarter 1	1,057	1,586	54%	3,063	3,645	50%
	Quarter 2	983	1,464	52%	3,232	3,934	49%
	Quarter 3	811	1,174	47%	2,679	3,067	46%
	Quarter 4	1,039	1,538	51%	3,183	3,874	50%
Date of Last Occupational Analysis				2023 (National)			
Name of Occupational Analysis Developer				American Institute of CPAs Board of Examiners			
Target Occupational Analysis Date				As Needed			

¹ The Uniform Certified Public Accountant Examination consists of four sections. A candidate must successfully complete all four sections within 18 months to pass. The data provided represents the percent of examination sections that were passed and the total number of sections administered. Because the examination consists of four sections, the percent of individuals that passed the exam is not available.

23. Describe the examinations required for licensure. Is a national examination used? Is a California-specific examination required? Are examinations offered in a language other than English?

The CBA requires applicants for licensure complete two examinations: 1) the Uniform CPA Examination (national examination), and 2) an Ethics Examination (California-specific examination). Both examinations are offered only in English.

UNIFORM CPA EXAMINATION

The Uniform CPA Examination is a national examination, developed to protect the public interest by helping to ensure that only qualified individuals become licensed. Individuals who pass the examination demonstrate they possess the minimum level of technical knowledge and skills necessary for initial licensure.

The Uniform CPA Examination tests candidates' knowledge in four areas:

- Auditing and Attestation.
- Business Environment and Concepts.
- Regulation.
- Financial Accounting and Reporting.

A candidate must obtain a minimum score of 75 on each section, with all four sections being passed within 18 months. Score information for the Uniform CPA Examination is electronically transmitted to the CBA.

CPA EVOLUTION

The implementation of CPA Evolution will transform the CPA Examination licensure model, and a new test will begin in January 2024. Additional details regarding this can be found in Section 1.

CALIFORNIA SOCIETY OF CPAS PROFESSIONAL ETHICS EXAMINATION

California Code of Regulations, title 16, section 10 states that all applicants for a CPA license shall pass an examination in professional ethics before a license may be issued. CBA approved the California Society of CPAs' Professional Ethics examination over 20 years ago to satisfy the regulatory requirement.

This is a self-paced online examination taken after the completion of a provided self-study course. The examination consists of 50 multiple choice questions covering a broad range of ethical questions and various questions specific to California rules and regulations, including the following topics:

- Basic concepts and philosophy of professional conduct.

- Independence, integrity, and objectivity.
- Interpretation of Securities and Exchange Commission rules.
- Commissions and contingency fees.
- Advertising and solicitation.
- Sanctions.
- Tax services.

A candidate must obtain a minimum score of 90% on the Ethics Examination.

24. What are pass rates for first time vs. retakes in the past 4 fiscal years? (Refer to Table 8: Examination Data.) Are pass rates collected for examinations offered in a language other than English?

Pass rates for first time test takers and repeat test takers are provided in Table 8. All pass rates are for English as both examinations are offered only in English.

25. Is the CBA using computer-based testing? If so, for which tests? Describe how it works. Where is it available? How often are tests administered?

While both the Uniform CPA Examination and Ethics Examination are offered via computer-based testing, the Ethics Examination is also made available in hard-copy format.

UNIFORM CPA EXAMINATION

Applicants for the Uniform CPA Examination can apply to sit for the examination year-round at Prometric testing centers (with 25 in California).

Candidates are permitted to select the order in which they sit for the four sections of the Uniform CPA Examination.

ETHICS EXAMINATION

The Ethics Examination is an open-book examination that is purchased through the California Society of CPAs Education Foundation. Individuals are offered the option of completing the course completely online or receiving hard-copy study and test materials.

The CBA recommends that candidates not complete the Ethics Examination until they have passed the Uniform CPA Examination and are prepared to apply for a CPA license, as the examination must be completed within one year of purchase and not more than two years prior to applying for CPA licensure.

The Ethics Examination is self-paced and available for purchase 24 hours a day on the California Society of CPAs Education Foundation's website or by calling the customer service department.

26. Are there existing statutes that hinder the efficient and effective processing of applications and/or examinations? If so, please describe.

The CBA does not have any existing statutes that hinder its efforts toward the effective processing of applications or examinations.

27. When did the CBA last conduct an occupational analysis that validated the requirement for a California-specific examination? When does the Board plan to revisit this issue? Has the CBA identified any reason to update, revise, or eliminate its current California-specific examination?

The CBA requested that DCA's Office of Professional Examination Services (OPES) complete a comprehensive review of the California-specific examination, referred to as the Professional Ethics Examination for Certified Public Accountants (PETH Exam). The PETH Exam is a self-study course with an open-book, online exam. The purpose of the OPES review was to evaluate the acceptability of using the PETH Exam as one of the requirements for CPA licensure in California.

OPES issued its report in June 2023 recommending the CBA discontinue the use of the PETH. In response, the CBA initiated a rulemaking to replace the PETH with continuing education.

SCHOOL APPROVALS

28. Describe legal requirements regarding school approval. Who approves your schools? What role does the Bureau for Private Postsecondary Education (BPPE) have in approving schools? How does the CBA work with BPPE in the school approval process?

The CBA accepts education completed at degree-granting and accredited colleges, universities, or other institutions of higher learning.

Additionally, education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the CBA to be equivalent to the education obtained in the United States.

As accredited schools are approved by an accrediting agency, BPPE does not have a role in approving schools or education accepted by the CBA. BPPE has, however, been helpful in obtaining verification of qualifying classes for applicants applying for examination and licensure in the event of school closures.

29. How many schools are approved by the CBA? How often are approved schools reviewed? Can the CBA remove its approval of a school?

The CBA does not approve schools, nationally or internationally. In order for education to count for CPA licensure, it must be earned from a degree-granting university, college, or other accredited institution of higher learning.

30. What are the CBA's legal requirements regarding approval of international schools?

The CBA does not approve schools. The CBA may determine education earned internationally as equivalent to education earned in the United States. Applicants who apply for examination or licensure with foreign education must have their documents reviewed by a CBA-approved credentials evaluation service. The assessment of the applicant's education is then submitted to the CBA for review and final approval.

To obtain CBA approval as a foreign credentials evaluation service, an organization must submit a Credentials Evaluation Service Application and meet specified requirements. The requirements include, but are not limited to, national affiliations, internal procedures, and employing staff with sufficient knowledge and/or education to conduct evaluations.

The CBA approves foreign credentials evaluation services for a five-year term. Presently, the CBA has 14 approved services.

CONTINUING EDUCATION/COMPETENCY REQUIREMENTS

31. Describe the CBA's continuing education competency requirements, if any. Describe any changes made by the CBA since the last review.

While ensuring individuals entering the profession possess appropriate competencies to safely practice is critical, it is also important that licensees practicing public accountancy maintain a continued level of appropriate competencies to ensure consumer protection.

With rapidly changing technology, continual revision of tax laws and professional standards, a strong focus on CPAs' continued competency is essential. Over the years, the CBA has refined its continuing education requirements to ensure that CPAs maintain a currency of knowledge throughout the whole of the licensure period and are provided with the tools necessary to make objective and ethical decisions while practicing public accountancy.

CPAs are required to complete a minimum of 80 hours of continuing education every two years. As part of the 80 hours, the following must be met:

- A minimum of 40 hours in technical subject areas (e.g., accounting, auditing).
- A maximum of 40 hours in nontechnical subject areas (e.g., communication skills, office management).
- A minimum of 20 hours must be completed in each year of the two-year license renewal period, with a minimum of 12 hours in technical subject matter.
- Four hours of ethics education.
- A two-hour CBA-approved Regulatory Review course every six years.

PRACTICE-SPECIFIC CONTINUING EDUCATION REQUIREMENTS

Licensees who perform certain services including accounting and auditing or governmental auditing are required to complete 24 hours of specified continuing education. The education is focused on providing increased technical skills and understanding of the various industries in which they practice. Additionally, licensees that perform preparation engagements (if that is their highest level of service) must complete eight hours in specified continuing education.

Licensees required to complete any of the practice-specific continuing education requirements must also complete four hours of continuing education in the prevention, detection, and/or reporting of fraud affecting financial statements.

The CBA allows for a high degree of flexibility in completing the required continuing education. Licensees can complete continuing education via various traditional delivery methods including live presentations, internet-based formats, or self-study with no limitations on the number of hours completed using any delivery method. Further, the CBA also allows individuals to earn continuing education through teaching/instructing courses, developing continuing education course materials, writing published works, and developing questions for the Uniform CPA Examination.

The CBA successfully implemented regulations to include three new formats that licensees can avail themselves of to complete the required hours:

- Nano learning enables a licensee to learn a given subject containing a minimum of one learning objective in a minimum of 10 minutes and less than 20 minutes including the test, through the use of electronic media and without interaction with a live instructor. A nano learning program is not a live or group internet-based program.

- Blending learning programs include both asynchronous and synchronous learning and provide clear instructions and information to participants that summarize the different components of the program and what must be completed or achieved during each component in order to qualify for continuing education hours. “Synchronous” means a program in which participants engage simultaneously in instructional methods, and “asynchronous” means a program in which participants have control over the time, place, and pace of learning.
- Adaptive self-study uses a computer algorithm, other predictive analytics tools, or learner-driven selections to orchestrate interaction with the learner and deliver customized learning activities to assist the learner in meeting the course’s stated learning objectives.

Additionally, the new regulations increase the maximum allowable hours (from 20 hours to 40 hours) for certain specified activities to qualify as continuing education. These include writing published articles or books that contribute to professional competence, writing questions for the Uniform CPA Examination, and writing instructional materials for continuing education programs.

a. How does the CBA verify continuing education or other competency requirements? Has the CBA worked with DCA to receive primary source verification of continuing education completion through DCA’s cloud?

The CBA uses two programs to verify continuing education: 1) Continuing Education Worksheet Review Program, and 2) Continuing Education Verification Program. In addition, accounting firms (which include sole proprietorships) must complete a mandatory peer review requirement once every three years and report that to the CBA at the time of license renewal.

The CBA does not require primary source verification of continuing education completion and, therefore, has not discussed receiving primary source verification of continuing education completed through DCA’s cloud.

Continuing Education Worksheet Review

The Continuing Education Worksheet Review is a process where the CBA reviews 100% of continuing education worksheets that list self-reported courses at license renewal completed by licensees in fulfillment of the 80-hour requirement.

Continuing Education Verification

Under the Continuing Education Verification process, the CBA randomly selects licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, it confirms that the continuing education was accurately reported, completed, and conformed to all laws and rules. The Continuing Education Verification process is performed in addition to the Continuing Education Worksheet Review.

Peer Review Reporting

Firms, including sole proprietors, must submit a peer review reporting form at the time of license renewal providing information regarding their compliance with and, if required, completion of peer review.

b. Does the CBA conduct continuing education audits of licensees? Describe the CBA’s policy on continuing education audits.

Yes. The CBA conducts audits (continuing education verification) of its licensees. The CBA randomly selects licensees to submit documentation substantiating the completion of the continuing education they reported at the time of license renewal. Once the CBA receives all required documentation, it confirms that the continuing education was accurately reported, completed and conformed to all laws and rules. The Continuing Education Verification process is performed in addition to the Continuing Education Worksheet Review.

TABLE 8A. CONTINUING EDUCATION			
TYPE	FREQUENCY OF RENEWAL	NUMBER OF CE HOURS REQUIRED EACH CYCLE	PERCENTAGE OF LICENSEES AUDITED
CPA	2 years	80	1%
PA	2 years	80	0%
COR	2 years	0	0%
PAR	2 years	0	0%
FNP	5 years	0	0%
OFR	2 years	0	0%

c. What are consequences for failing a continuing education audit?

Staff work collaboratively to assist licensees in complying with all necessary continuing education requirements. If any deficiencies are identified, staff notify licensees to obtain compliance. As part of the notification process, licensees are granted a specified period to resolve any identified deficiencies.

Licensees who fail to respond, rectify any outstanding deficiency identified, or have

falsified reporting documents are referred to the Enforcement Program for further investigation. Licensees can be issued a citation and assessed an administrative fine ranging from \$100 to \$5,000. In some cases, the CBA may seek formal discipline up to and including revocation.

d. How many continuing education audits were conducted in the past four fiscal years? How many fails? What is the percentage of continuing education failure?

CONTINUING EDUCATION AUDITS				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
CONTINUING EDUCATION WORKSHEET REVIEW				
CE Reporting Worksheets Reviewed	53,090	21,991	38,947	59,562
CE Deficiencies*	2,457	3,238	1,439	2,706
Percentage Rate	5%	15%	4%	5%
CE VERIFICATION PROGRAM				
Licensees Selected for CE Verification	406	762	877	903
CE Deficiencies*	69	101	79	99
Percentage Rate	17%	13%	9%	11%

* This reflects individuals who were referred to the Enforcement Program for failing to respond or rectify with any identified deficiencies/discrepancies.

- e. **What is the CBA's course approval policy?**
- f. **Who approves continuing education providers? Who approves continuing education courses? If the CBA approves them, what is the CBA application review process?**
- g. **How many applications for continuing education providers and continuing education courses were received? How many were approved?**
- h. **Does the CBA audit continuing education providers? If so, describe the CBA's policy and process.**

The CBA does not preapprove continuing education courses or continuing education providers, except for the Regulatory Review Course. Licensees are obligated to select appropriate continuing education courses/ programs that are consistent with the requirements as outlined in the CBA Regulations.

As licensees are located not only in California but also throughout the country and the world, this allows licensees the ability to select continuing education based on their specific needs and area of practice. Licensees can select continuing education from a wide range of providers, which include private institutions; national, state, and local accounting organizations; universities and colleges; and professional development courses offered by a licensee's accounting firm.

Providers seeking to offer a CBA-approved Regulatory Review course to licensees must apply to the CBA and submit supporting documentation to ensure the course meets the established requirements. Regulatory Review courses must include information on specific California Code of Regulations provisions relevant to the CBA sections of the Accountancy Act and a review of how specified sections relate to the practice of public accountancy, and a review of historical disciplinary actions.

The course provider must renew the course biennially with the CBA, or if the provider makes substantial changes to the course. This is to ensure that the course providers are reviewing the on a recurring basis and are familiar with the ongoing changes associated with the CBA. The course is approved and/or renewed based upon the requirements outlined in California Code of Regulations section 87.9.

The CBA has 39 approved providers offering 47 Regulatory Review courses. Over the past four fiscal years, the CBA has received 16 course applications and approved 13.

Should the CBA elect to audit the records of a continuing education provider, the provider must provide all materials requested by the CBA within 15 days of receipt of written notification. The CBA may cancel its approval of a two-hour Regulatory Review course if it is found not to comply.

- i. **Describe the CBA's effort, if any, to review its continuing education policy for purpose of moving toward performance-based assessments of the licensee's continuing competence.**

The CBA has a long history of evaluating its continuing education regulations to ensure that overall outcome is meaningful education that directly contributes to licensees' ability to practice public accountancy.

The CBA has pioneered regulations related to continuing education offered via webcast, and instituted additional instructional methods (i.e., nano learning, blended learning, and adaptive self-study) providing licensees multiple avenues of meeting the continuing education requirements.

SECTION 4

ENFORCEMENT PROGRAM

The Enforcement Program is instrumental in the CBA meeting its consumer-protection mandate and aides in achieving its ability to protect consumers by:

- Ensuring that licensees comply with the provisions of the Accountancy Act and California Code of Regulations.
- Conducting investigations of unlicensed practice.
- Referring matters to the Attorney General's Office or local jurisdictions for prosecution.
- Imposing discipline consistent with the disciplinary guidelines.

- Imposing other enforcement actions, such as citations, fines, administrative suspensions, etc., when warranted.
- Monitoring probationers to ensure compliance with probationary terms.

32. What are the CBA's performance targets/ expectations for its enforcement program? Is the CBA meeting those expectations? If not, what is the CBA doing to improve performance?

The CBA has adopted the DCA Consumer Protection Enforcement Initiative performance measures for its Enforcement Program.

ENFORCEMENT DIVISION PERFORMANCE MEASURES (IN DAYS)						
PERFORMANCE MEASURE	DESCRIPTION	TARGET	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
PM2 Intake Cycle Time	Average Number of Days from Complaint Receipt to the Date the Complaint was Closed or Assigned to an Investigator	10	1	1	1	1
PM3 Investigation Cycle Time	Average Number of Days to Complete the Entire Enforcement Process for Cases Not Transmitted to the Attorney General (Includes Intake and Investigation)	180	82	113	97	122
PM4 Formal Discipline Cycle Time	Average Number of Days to Complete the Entire Enforcement Process for Cases Transmitted to the Attorney General (Includes Intake, Investigation, and Case Outcome)	540	904	915	978	742
PM7 Probation Intake Cycle Time	Average Number of Days from Monitor Assignment to the Date the Monitor Makes First Contact with the Probationer	5	1	1	5	5
PM8 Probation Violation Response Cycle Time	Average Number of Days from the Date a Violation of Probation is Reported to the Date the Assigned Monitor Initiates Appropriate Action	15	1	1	1	1

At the close of fiscal year 2022–23, the CBA met all performance targets except for Performance Measure (PM)4 Formal Discipline—Cycle Time. PM4 calculates the average number of days to complete the entire enforcement process from the date the complaint was received until the effective date of the final discipline. While the CBA PM4 is above the target of 540 days, the CBA saw a 231-day decrease between fiscal years 2021–22 and 2022–23. Additionally, the CBA’s average for fiscal year 2022–23 is the lowest number since fiscal year 2010–11.

During the last four fiscal years, the CBA continued to focus on decreasing the number of complaints pending over 24 months. Many of these cases are complex matters and end with formal discipline, which directly influences the CBA’s cycle time for PM4. The CBA has maintained less than four cases pending over 24 months for the last four fiscal years.

In order to improve performance for PM4 and to continue to meet the targets for PM2, PM3, PM7, and PM8, the CBA has improved best practices related to case management. The improvements include streamlined reports for administrative violations, using Microsoft Office tools to track and monitor cases, and updated communications associated with potential administrative violations designed to obtain compliance.

Additionally, as part of the CBA’s Business Modernization Project, the CBA launched a new online complaint submission system at the end of May 2022. The new system allows individuals to submit complaints online and include any supporting documentation upon submission. The system also includes a back-office intake queue to manage online complaints received.

The next phase of the Business Modernization Project is to identify an Enforcement Project Management system that will streamline business flow. The goal is to select a system to replace the various standalone databases and reporting tools and streamline the transmittal of information between various agencies who are critical to the enforcement process to create a more efficient and automated enforcement process.

33. Explain trends in enforcement data and the CBA’s efforts to address any increase in volume, timeframes, ratio of closure to pending cases, or other challenges. What are the performance barriers? What improvement plans are in place? What has the CBA done and what is the CBA going to do to address these issues, i.e., process efficiencies, regulations, BCP, legislation?

When comparing fiscal year 2019–2020 to 2022–23, the CBA has seen a near doubling of the number of cases. The primary driver of this increase relates to complaints regarding unlicensed activity.

To address this challenge, management routinely evaluates best practices to increase process efficiencies. Additionally, management effectively monitors case inventory and statistics to ensure cases are handled as efficiently as possible. The CBA has identified various opportunities to educate licensees about holding out as a CPA if they do not have an active CPA license in California, such as updates to the CBA website, social media posts, and an *UPDATE* article.

CASES ASSIGNED AND CLOSED

The CBA has seen an increase in the number of cases assigned for investigation in the last two fiscal years. In comparing 2019–20 to 2022–23, the CBA has experienced a nearly 100% increase in the number of cases assigned. The increase is primarily related to unlicensed activity.

As indicated in the table, the CBA experienced an increase in the number of cases assigned in 2021–22. This increase occurred at the end of the fiscal year resulting in a larger ratio of cases assigned compared to cases closed. In 2022–23, the CBA took steps to reduce the ratio and anticipates continuing to maintain a balance between cases assigned and closed.

INVESTIGATIONS				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Investigations Assigned	2,295	2,729	4,414	4,584
Investigations Closed	2,199	2,692	3,126	5,043

CASE CLOSURE OF INVENTORY

While PM3 and PM4 provide an overall average of case closure, they do not provide details of how the closure of case inventory occurred. The chart below details the case closure based on months to close and how many cases were closed during particular intervals.

The chart illustrates the CBA has continued to close most cases within the first year while also significantly increasing the number of cases closed in the last two fiscal years. Of the 5,043 total number of cases closed in 2022–23, the CBA closed 4,984 cases or 99% within one year.



INVESTIGATIONS CLOSED				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Closed Within 0–6 Months	1,963	2,076	2,519	3,801
Closed Within 6–12 Months	182	470	542	1,183
Closed Within 12–18 Months	34	100	25	43
Closed Within 18–21 Months	3	12	7	3
Closed Within 21–24 Months	7	10	2	1
Closed Within >24 Months	10	24	31	12
Total Closed	2,199	2,692	3,126	5,043

UNLICENSED ACTIVITY

Beginning in fiscal year 2021–22, the CBA experienced an increase in complaints related to unlicensed activity. In fiscal year 2020–21, the CBA received 475 complaints. By the following fiscal year, this number increased to 2,308, with only a slight decrease to 2,173 in 2022–23.

Of the total complaints submitted in fiscal year 2021–22 and 2022–23, 47% of the complaints received are primarily related to individuals that do not have an active CPA license issued in California who may be holding out as a CPA on a specific social media website.

UNLICENSED ACTIVITY				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Internal	66	58	32	28
External	76	417	2,276	2,145
Total	142	475	2,308	2,173

PENDING INVENTORY OF INVESTIGATIONS

The CBA routinely evaluates its pending inventory of investigations. This provides the CBA another data point to determine case aging.

PENDING INVESTIGATIONS				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Total Pending	684	779	2,114	1,693
0–6 Months	446	686	2,060	1,382
6–12 Months	189	56	32	218
12–18 Months	32	12	14	80
18–21 Months	5	13	2	8
21–24 Months	10	8	5	3
>24 Months	2	4	1	2

The increase in complaints on unlicensed activity has directly impacted the number of pending investigations. At the close of fiscal year 2022–23, the CBA inventory pending increased more than 146% as compared to 2019-20.

While the number of pending investigations has increased, the CBA has taken steps to keep much of the pending inventory to less than six months. At the end of fiscal year 2022–23, 82% of the pending cases were under six months.

PENDING ATTORNEY GENERAL'S OFFICE INVENTORY

In comparison to the CBA's 2018 Sunset Review Report, the CBA has seen a general reduction in the number of case referrals to the Attorney General's Office. The CBA diligently worked through a prior backlog of cases and currently experiences annual case referral numbers that range from the mid-30s to the low 50s. The CBA continues to employ best practices to manage the inventory of cases pending at the Attorney General's Office.

PENDING INVESTIGATIONS				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Referrals	51	50	34	38
Total Pending Cases	41	39	32	24
0–6 Months	12	18	11	13
6–12 Months	17	11	14	6
12–18 Months	8	8	6	1
18–21 Months	3	2	0	1
21–24 Months	0	0	1	2
>24 Months	1	0	0	1

DISCIPLINARY ACTION

During the prior sunset review, the CBA implemented procedures to improve case management and processing timeframes. These procedures reduced the backlog of aged cases and the inventory of cases pending at the Attorney General’s Office resulting in a higher number of disciplinary actions taken in fiscal years 2019–20 and 2020–21. Going forward, the CBA anticipates the number of cases resulting in disciplinary action taken will stay consistent with fiscal years 2020–21 and 2022–23.

INVESTIGATIONS CLOSED	
	DISCIPLINARY ACTIONS TAKEN
FY 2019–20	69
FY 2020–21	50
FY 2021–22	32
FY 2022–23	37



TABLE 9A. ENFORCEMENT STATISTICS

	FY 2020–21	FY 2021–22	FY 2022–23
COMPLAINTS			
INTAKE			
Received	2,472	4,200	4,387
Closed without Referral for Investigation	0	0	0
Referred to Investigations	2,472	4,200	4,387
Pending (Close of FY)	0	0	0
CONVICTION/ARREST			
Conviction Received	257	214	197
Conviction Closed Without Referral for Investigation	0	0	0
Conviction Referred to Investigation	257	214	197
Conviction Pending (Close of FY)	0	0	0
SOURCE OF COMPLAINT¹			
Public	371	458	429
Licensee/Professional Groups	1,017	2,484	2,431
Governmental Agencies	14	32	51
Internal	1,294	1,384	1,568
Other	5	17	11
Anonymous	28	39	94
Average Time to Refer for Investigation (From Receipt of Complaint/Conviction to Referral for Investigation)	1	1	1
Average Time to Closure (From Receipt of Complaint/Conviction to Closure at Intake)	1	1	1
Average Time at Intake (From Receipt of Complaint/Conviction to Closure or Referral for Investigation)	1	1	1
INVESTIGATION			
DESK INVESTIGATIONS			
Opened	0	0	0
Closed	0	0	0
Average Days to Close (From Assignment to Investigation Closure)	0	0	0
Pending (Close of FY)	0	0	0

¹ Source of complaint refers to complaints and convictions received. The summation of intake and convictions should match the total of source of complaint.

TABLE 9A. ENFORCEMENT STATISTICS

	FY 2020–21	FY 2021–22	FY 2022–23
NONSWORN INVESTIGATION			
Opened	2,727	4,411	4,584
Closed	2,679	3,122	5,037
Average Days to Close (From Assignment to Investigation Closure)	118	97	122
Pending (Close of FY)	779	2,112	1,693
SWORN INVESTIGATION			
Opened	2	3	0
Closed	13	4	6
Average Days to Close (From Assignment to Investigation Closure)	384	167	563
Pending (Close of FY)	0	1	0
ALL INVESTIGATIONS²			
Opened	2,729	4,414	4,584
Closed	2,692	3,126	5,043
Average Days for All Investigation Outcomes (From Start Investigation to Investigation Closure or Referral for Prosecution)	113	97	123
Average Days for Investigation Closures (From Start Investigation to Investigation Closure)	N/A	N/A	N/A
Average Days for Investigation When Referring for Prosecution (From Start Investigation to Referral for Prosecution)	N/A	N/A	N/A
Average Days From Receipt of Complaint to Investigation Closure	113	97	123
Pending (Close of FY)	779	2,114	1,693
CITATION AND FINE			
Citations Issued	376	459	463
Average Days to Complete (from complaint receipt / inspection conducted to citation issued)	192	206	93
Amount of Fines Assessed	\$117,800	\$113,825	\$146,650
Amount of Fines Reduced, Withdrawn, Dismissed	\$21,150	\$22,000	\$20,750
Amount Collected	\$58,523	\$77,302	\$82,602
CRIMINAL ACTION			
Referred for Criminal Prosecution	2	3	0

² The summation of desk, nonsworn, and sworn investigations should match the total of all investigations.

TABLE 9A. ENFORCEMENT STATISTICS

	FY 2020–21	FY 2021–22	FY 2022–23
ACCUSATION			
Accusations Filed	44	25	28
Accusations Declined	0	0	0
Accusations Withdrawn	1	1	0
Accusations Dismissed	0	0	0
Average Days from Referral to Accusations Filed (From AG Referral to Accusation filed)	915	978	778
INTERIM ACTION			
ISO & TRO Issued	0	0	0
PC 23 Orders Issued	0	0	0
Other Suspension/Restriction Orders Issued	0	0	0
Referred for Diversion	N/A	N/A	N/A
Petition to Compel Examination Ordered	0	0	0
DISCIPLINE			
AG Cases Initiated (Cases Referred to the AG in That Year)	50	34	38
AG Cases Pending Pre-Accusation (Close of FY)	1	7	9
AG Cases Pending Post-Accusation (Close of FY)	39	26	15
DISCIPLINARY OUTCOMES			
Revocation	12	5	6
Surrender	6	6	7
Suspension only	0	0	0
Probation with Suspension	1	0	0
Probation only	29	24	21
Public Reprimand/Public Reproval/Public Letter of Reprimand	0	0	0
Other	1	0	0
DISCIPLINARY ACTIONS			
Proposed Decisions	7	4	6
Default Decisions	9	3	4
Stipulations	34	25	27
Average Days to Complete After Accusation (From Accusation Filed to Imposing Formal Discipline)	N/A	N/A	N/A
Average Days from Closure of Investigation to Imposing Formal Discipline	N/A	N/A	N/A
Average Days to Impose Discipline (From Complaint Receipt to Imposing Formal Discipline)	877	978	742

TABLE 9A. ENFORCEMENT STATISTICS

	FY 2020–21	FY 2021–22	FY 2022–23
PROBATION			
Probation Term Completed	47	44	39
Probationers Pending (Close of FY)	120	120	82
Probationers Told	14	13	9
Petitions to Revoke Probation/Accusation and Petition to Revoke Probation Filed	4	2	2
SUBSEQUENT DISCIPLINE³			
Probations Revoked	2	4	2
Probationers License Surrendered	0	0	0
Additional Probation Only	1	0	0
Suspension Only Added	0	0	0
Other Conditions Added Only	0	0	0
Other Probation Outcome	0	0	0
SUBSTANCE-ABUSING LICENSEES			
Probationers Subject to Drug Testing	N/A	N/A	N/A
Drug Tests Ordered	N/A	N/A	N/A
Positive Drug Tests	N/A	N/A	N/A
PETITIONS			
Petition for Termination or Modification Granted	2	4	2
Petition for Termination or Modification Denied	0	0	1
Petition for Reinstatement Granted	1	2	2
Petition for Reinstatement Denied	1	2	2
DIVERSION			
New Participants	N/A	N/A	N/A
Successful Completions	N/A	N/A	N/A
Participants (Close of FY)	N/A	N/A	N/A
Terminations	N/A	N/A	N/A
Terminations for Public Threat	N/A	N/A	N/A
Drug Tests Ordered	N/A	N/A	N/A
Positive Drug Tests	N/A	N/A	N/A

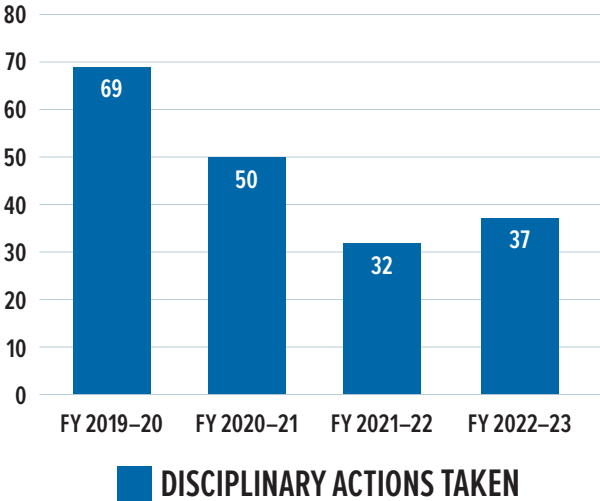
³ Subsequent Discipline is not included in the summation of Disciplinary Outcomes provided on page 62.

TABLE 10. ENFORCEMENT AGING						
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23	CASES CLOSED	AVERAGE %
INVESTIGATIONS (AVERAGE %)						
CLOSED WITHIN:						
90 Days	1,531	1,497	1,981	2,162	7,171	54.9%
91–180 Days	434	579	544	1,641	3,198	24.5%
181 Days–1 Year	180	470	536	1,184	2,370	18.1%
1–2 Years	44	122	34	44	244	1.9%
2–3 Years	10	19	29	8	66	0.5%
Over 3 Years	0	5	2	4	11	0.1%
TOTAL INVESTIGATION CASES CLOSED	2,199	2,692	3,126	5,043	13,060	100%
ATTORNEY GENERAL CASES (AVERAGE %)						
CLOSED WITHIN:						
0–1 Year	38	9	25	14	86	45.7%
1–2 Years	26	18	7	7	58	30.9%
2–3 Years	3	12	0	4	19	10.1%
3–4 Years	1	4	0	5	10	5.3%
Over 4 Years	1	7	0	7	15	8.0%
TOTAL ATTORNEY GENERAL CASES CLOSED	69	50	32	37	188	100%

34. What do overall statistics show as to increases or decreases in disciplinary action since last review?

One of the most tangible ways the CBA meets its consumer protection mandate is taking appropriate disciplinary actions against licensees. The CBA processed a backlog of aged cases in the fiscal years represented in the prior two sunset reviews. Subsequently, since the CBA’s last sunset review, it has experienced a decrease in the number of disciplinary actions, as illustrated in the following chart.

An average of the disciplinary action over the prior three fiscal years may represent the new normal, but the CBA will continue to monitor.



35. How are cases prioritized? What is the CBA’s complaint prioritization policy? Is it different from the DCA’s Complaint Prioritization Guidelines for Health Care Agencies (August 31, 2009)? If so, explain why.

The CBA sees case prioritization as an instrumental component for its Enforcement Program to ensure that the CBA meets its mandate of consumer protection. Early identification of potential immediate and ongoing consumer harm is paramount to ensuring the appropriate resources are allocated to the appropriate cases. Additionally, maintaining flexibility to modify the priority of a case is also necessary.

The CBA evaluates and prioritizes cases/complaints similar to those identified in DCA’s Complaint Prioritization Guidelines for Health Care Agencies. Specifically, the CBA uses the following categories—high, standard, and actionable:

- **High**—These are cases/complaints in which the CBA believes ongoing consumer harm is present and, therefore, the promptness of the investigation is paramount. It is as part of these cases/complaints that the CBA evaluates whether to seek an Interim Suspension Order or to recommend that the courts act under Penal Code section 23.
- **Standard**—These are cases/complaints such as matters referred from outside sources and that do not pose an immediate threat of harm to consumers, unlicensed activity not posing an immediate threat of harm to consumers, fraud, and making false/misleading statements.
- **Actionable**—These are cases/complaints with only minimal investigation necessary and generally result in the issuance of citations and fines.

36. Are there mandatory reporting requirements? For example, requiring local officials or organizations, or other professionals to report violations, or for civil courts to report to the CBA actions taken against a licensee. Are there problems with the CBA receiving the required reports? If so, what could be done to correct the problems?

- a. **What is the dollar threshold for settlement reports received by the CBA?**
- b. **What is the average dollar amount of settlements reported to the CBA?**

Mandatory reporting requirements are key to the CBA’s consumer protection mandate, and work as a backstop to ensure that the CBA is reviewing all licensee conduct that may be grounds for disciplinary action. Through a combination of statutes and regulations, four groups have mandatory reporting requirements: licensees, courts, insurance companies, and CBA-recognized peer review program providers.

LICENSEES

Licensees must report various events to the CBA generally within 30 days of the occurring event. The events are clearly defined in Business and Professions Code sections 5063 and 5076, and California Code of Regulations, title 16, section 46. These range from convictions of a crime, actions taken by other governmental entities, and civil settlement/judgments.

To ensure licensees are aware of their reporting requirements, the CBA posted information regarding licensees’ reportable events requirements on our social media pages. Additionally, the CBA maintains an interactive form on its website to assist licensees with their respective reporting requirements.

COURTS

California courts must submit information regarding convictions or judgments against licensees. Courts must provide the CBA a copy of the conviction or judgment and any orders or opinions of the court. The CBA has developed a form to assist the courts in meeting their mandatory reporting requirement. The form is available on the CBA website and is mailed annually to all California courts reiterating the importance of the reporting requirement.

INSURANCE COMPANIES

Insurance companies are required to report to the CBA any payment of all or any portion of any civil action settlement or arbitration award against licensees when the amount of the settlement or award is \$30,000 or greater (Business and Professions Code section 5063.2). The CBA works closely with the nation's largest CPA-directed program of insurance products and risk management solutions for the accounting profession, CAMICO. The threshold for reporting is \$30,000 with the average settlement from the last four fiscal years being \$3,739,610.

CBA-RECOGNIZED PEER REVIEW PROGRAM PROVIDERS

CBA-recognized peer review program providers must provide the CBA with a copy of all substandard reports issued to California-licensed accounting firms within 60 days and must notify the CBA if a firm is expelled from the peer review program within 30 days of notifying the firm of its expulsion (Business and Professions Code section 5076 and California Code of Regulations, title 16, section 48.3).

The American Institute of CPAs routinely provides information on all substandard peer review reports. The CBA also has access to a database and performs monthly report queries to identify firms that have failed peer review or have been dropped or terminated from the peer review program.

37. Describe settlements the CBA, and Office of the Attorney General on behalf of the CBA, enter into with licensees.

- a. **What is the number of cases, preaccusation, that the CBA settled for the past four years, compared to the number that resulted in a hearing?**

- b. **What is the number of cases, postaccusation, that the CBA settled for the past four years, compared to the number that resulted in a hearing?**
- c. **What is the overall percentage of cases for the past four years that have been settled rather than resulted in a hearing?**

Over the past four years, the CBA has taken disciplinary action on 188 cases. Of these cases, 143, or 76%, were settled via a stipulated settlement.

As with any settlement, the overriding consideration is that any final order (probation or revocation/surrender) supports the CBA's mission of consumer protection. The CBA's practice is to assess settlement immediately upon the filing of a pleading.

The CBA assesses the nature and scope of the causes of discipline alleged; any mitigating factors, aggravating factors, and rehabilitation that has occurred; and the ability of the licensee to safely practice and provide services to consumers during a probationary period and beyond.

The Administrative Procedure Act does not provide the authority for the CBA to settle cases preaccusation. The CBA occasionally participates in what is referred to as a "presettlement conference" with a Respondent. A presettlement conference involves the Respondent (including their respective legal counsel, if any), a representative from CBA staff, and the Attorney General's Office. It provides the Respondent an opportunity to review the accusation prior to filing.

After a review is completed, parties will discuss possible settlement. Presettlement conferences allow the parties to come to an agreement before the filing of an accusation and can lead to a quicker resolution; however, an accusation must be filed before the Respondent can enter any agreed upon stipulated settlement.

38. Does the CBA operate with a statute of limitations? If so, please describe and provide citation. If so, how many cases have been lost due to statute of limitations? If not, what is the CBA's policy on statute of limitations?

There is no statute of limitations in the Accountancy Act. The CBA has no formal policy regarding administrative discipline and when the violation occurred. All complaints are investigated on a case-by-case basis, and discipline is taken based upon the individual circumstances of that case.

39. Describe the CBA's efforts to address unlicensed activity and the underground economy.

Consistent with the CBA's mission of consumer protection, investigating unlicensed activity is an important element to ensuring that consumers are receiving services from appropriately licensed professionals. The CBA investigates unlicensed matters from both consumer complaints and those identified internally.

In 2021, a new page was added to the CBA website to better assist consumers in reporting unlicensed activity. The new page provides a simplified complaint form for reporting unlicensed activity. When the CBA updated its complaint form as part of Business Modernization, it further streamlined its process by allowing the complainant to attach supporting documentation before submitting the form electronically. The new format minimizes delays in case processing and improves staff productivity.

The CBA actively reviews correspondence, including applicant experience forms, license renewal applications, and peer review reporting forms, to assess potential for unlicensed activity.

When potential unlicensed activity is identified, the CBA sends a letter to individuals identified to be practicing without a license and inquires about their present practice activities. If individuals are a current licensee with an expired license or unregistered accounting firm, the CBA works with the licensee or accounting firm to gain compliance.

For instances where individuals are using protected terms, such as accounting and auditing, the CBA seeks to determine if the services they are providing rise to the level requiring licensure as a CPA. The CBA works with the individuals to adjust their respective marketing materials to remove various terms, indicate that the services being performed do not require a license, or both.

Generally, the CBA can obtain compliance from individuals, but does issue citations and fines or refer matters to local law enforcement or the district attorney when warranted.

POSTDISCIPLINARY ACTION UNLICENSED ACTIVITY

Various disciplinary orders adopted by the CBA result in licensees losing their ability to practice public accountancy. Staff regularly review the internet to determine if revoked or surrendered licensees are still practicing public accountancy or if they are using the CPA designation without a valid license.

When staff find potential information that licensees continue to practice public accountancy with a revoked or surrendered license, a case is opened and assigned for investigation. Most often, these cases are a result of individuals using the CPA designation on such websites as Facebook and LinkedIn. A letter is sent to individuals instructing them to remove the content. The CBA has a high success rate in gaining compliance in these matters. In instances when the CBA cannot gain compliance, it refers them to DCA's Division of Investigation.

CITE AND FINE

40. Discuss the extent to which the CBA has used its cite and fine authority. Discuss any changes from last review and describe the last time regulations were updated and any changes that were made. Has the CBA increased its maximum fines to the \$5,000 statutory limit?

The CBA uses its citation and fine authority for violations that do not rise to the level of discipline and, as a mechanism, to gain compliance from licensees. Examples include licensees who have

failed to comply with all aspects of the continuing education requirements and licensees who fail to respond to CBA inquiries. In instances where the licensee fails to comply with a citation, the case is referred for formal disciplinary action.

The CBA has not made any modification to its Citation and Fine program since the last sunset review. Further, the CBA has been at the statutory limit of \$5,000 since 2008.

41. How is cite and fine used? What types of violations are the basis for citation and fine?

The CBA may issue a citation and fine for any violation of the Accountancy Act or California Code of Regulations and as a mechanism for obtaining compliance. Generally, citations and fines are issued when a violation does not rise to the level of formal discipline. Types of violations for which the CBA issues citations and fines may include

failure to respond to a CBA inquiry, continuing education deficiencies, operating an unregistered accounting firm, and practice with an expired permit.

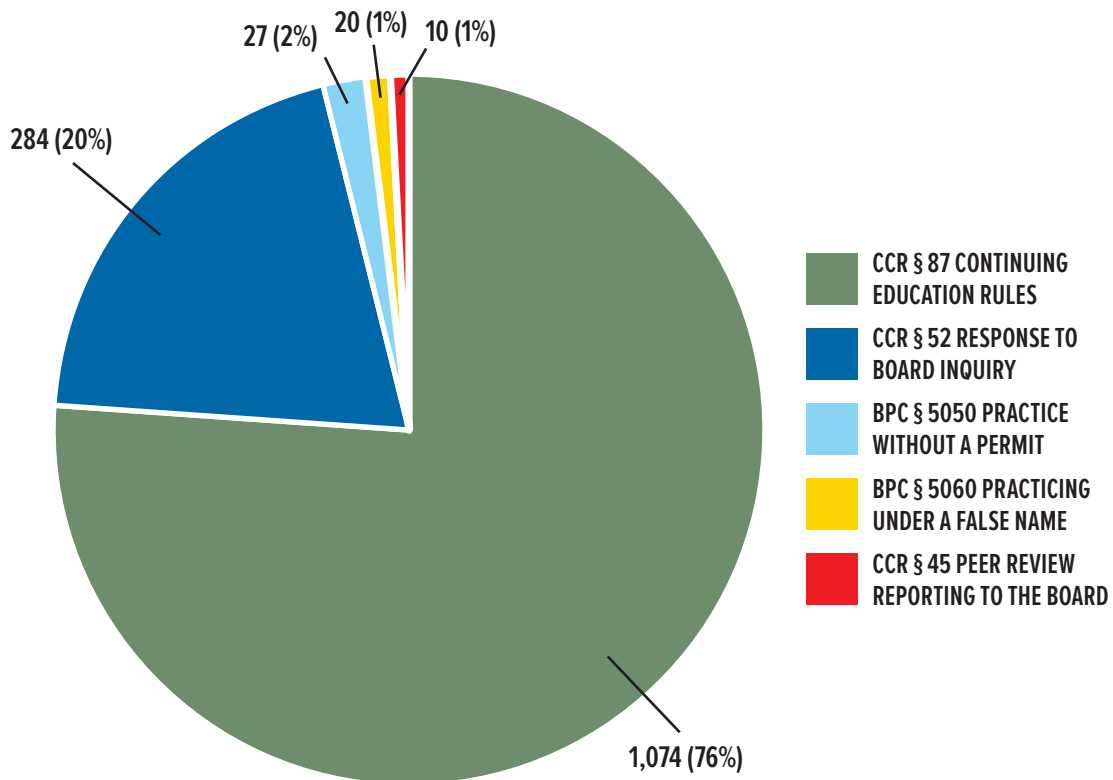
42. How many informal office conferences, Disciplinary Review Committees reviews and/or Administrative Procedure Act appeals of a citation or fine in the last four fiscal years?

The CBA has referred 19 citations to the Attorney General’s Office to schedule an appeal hearing in the past four fiscal years.

43. What are the five most common violations for which citations are issued?

The CBA has issued 1,471 citations within the last four fiscal years, all with an administrative fine included.

FIVE MOST COMMON CITATION VIOLATIONS



44. What is average fine pre- and postappeal?

The average fine amount pre- and postappeal over the last four fiscal years is \$180.50.

45. Describe the CBA’s use of Franchise Tax Board intercepts to collect outstanding fines.

The Franchise Tax Board Intercept program provides a mechanism for state agencies to collect debts from California residents scheduled to receive a tax refund. The CBA began using the Franchise Tax Board Intercept Program in December 2015.

During the past four fiscal years, the CBA has referred 1,227 citations totaling over \$393,425 to the Franchise Tax Board for the collection of outstanding fines. The CBA has collected nearly \$92,907 in outstanding fines through this program.

COST RECOVERY AND RESTITUTION

46. Describe the CBA’s efforts to obtain cost recovery. Discuss any changes from the last review.

It is CBA policy to pursue cost recovery in all disciplinary matters that proceed to the Attorney General’s Office for preparation of an accusation. The CBA Executive Officer is authorized by statute to request an Administrative Law Judge, as part of any proposed decision in a disciplinary proceeding, to order the recovery of reasonable costs of investigation and prosecution, including, but not limited to, attorney’s fees.

Generally, for licensees placed on probation, costs are a term/condition of probation and are collected throughout the period of probation.

There have been no changes to the CBA policies or procedures related to cost recovery since the last sunset review.

47. How many and how much is ordered by the CBA for revocations, surrenders, and probationers? How much do you believe is uncollectable? Explain.

Cost recovery is a combination of investigation and prosecution costs. Cost recovery may be ordered through a stipulated settlement, or through a proposed decision as ordered by an Administrative Law Judge. During the past four fiscal years, the CBA ordered cost recovery in 116 cases totaling \$1,245,451.

Most of the cost recovery ordered comes from licensees who were placed on probation, either through a stipulated settlement or proposed order. Costs may also be collected when a petition to reinstate is granted. When a license is revoked or surrendered, cost recovery is typically deferred until the Respondent petitions the CBA for reinstatement. In the past four fiscal years, CBA has collected \$5,271.01 in cost recovery ordered in a granted petition for reinstatement.

In the past four fiscal years, the CBA has identified \$24,643 in costs that it has ordered and remains outstanding despite the license being revoked or surrendered. In these instances, collection is more difficult since the individual’s earning potential is significantly reduced once their CPA license is revoked or surrendered.

48. Are there cases for which the CBA does not seek cost recovery? Why?

Yes. The Administrative Procedure Act prohibits the CBA from seeking cost recovery for cases involving applicants for CPA licensure.

As for cases involving licensees, it is the CBA’s policy to seek cost recovery; however, the costs are not intended as a penalty but as a consideration in the overall disciplinary process. Respondents often express concern over the cost, which in turn can lead to delays in reaching resolution to the matter. By maintaining flexibility in ordering costs and considering reduction in costs, cases often resolve significantly faster.

Quick resolution serves the CBA’s goal of consumer protection by getting Respondents into an agreement and imposing terms on their license and/or practice. Additionally, quick resolution saves

the CBA time and resources by reducing Attorney General costs and allowing staff to spend more time on other cases.

The CBA also does not seek cost recovery for Stipulations for Surrender until the time that a licensee submits a Petition for Reinstatement and that petition is granted.

49. Describe the CBA’s use of Franchise Tax Board intercepts to collect cost recovery.

The CBA has identified \$24,643 in costs that it has ordered over the last four fiscal years and remains outstanding. These are costs that have been ordered despite the license being revoked or surrendered. The CBA refers these matters to the Franchise Tax Board for collection as appropriate.

TABLE 11. COST RECOVERY				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Total Enforcement Expenditures	\$1,443,921	\$555,228	\$542,022	\$461,889
Potential Cases for Recovery*	64	44	31	32
Cases Recovery Ordered	42	29	24	21
Amount of Cost Recovery Ordered	\$630,538	\$196,516	\$257,751	\$160,646
Amount Collected	\$627,756	\$211,502	\$203,816	\$185,671

* “Potential Cases for Recovery” are those cases in which disciplinary action has been taken based on violation of the Accountancy Act.

50. Describe the CBA’s efforts to obtain restitution for individual consumers, any formal or informal CBA restitution policy, and the types of restitution that the CBA attempts to collect, i.e., monetary, services, etc. Describe the situation in which the CBA may seek restitution from the licensee to a harmed consumer.

The CBA’s policy states that restitution is considered a mitigating factor when considering discipline against a licensee. Restitution considers the actual harm to a consumer, and is not intended for the CBA to award damages to a consumer.

TABLE 12. ADMINISTRATIVE PENALTY				
	FY 2019–20	FY 2020–21	FY 2021–22	FY 2022–23
Amount Ordered	\$339,500	\$1,646,000*	\$18,500	\$1,818,500*
Amount Collected	\$318,967	\$1,635,874	\$26,288	\$1,821,546

*The increase in administrative penalty for the fiscal year resulted from a large settlement from a single case.

SECTION 5

PUBLIC INFORMATION POLICIES

51. How does the CBA use the internet to keep the public informed of CBA activities? Does the CBA post CBA meeting materials online? When are they posted? How long do they remain on the CBA’s website? When are draft meeting minutes posted online? When does the CBA post final meeting minutes? How long do meeting minutes remain available online?

The CBA leverages three internet-based resources to keep the public informed of CBA activities: the CBA website, email, and social media.

CBA WEBSITE

The CBA’s website is the focal point of its public and stakeholder communications. The website was revamped in October 2022 to enhance the availability of the most-accessed resources and to create a more interactive and productive visit. Some of the changes include a rotating carousel with current information, information boxes to guide the user to frequently used resources, and organizational changes based on the individual (consumer, applicant, licensee, etc.).

Any visitor to the CBA website may access a wealth of information about the CBA’s activities, including:

- Verify a license.
- CBA enforcement actions (including how to file a complaint against a licensee or report unlicensed activity).
- Current and updates to the Accountancy Act and California Code of Regulations.
- Webcasts of CBA meetings (which are closed captioned) and archived outreach events.

- CBA meeting agendas and related materials.
- Subscribe to receive news and updates via email.
- Links to the CBA’s Facebook, X (formerly known as Twitter), and LinkedIn accounts.
- Listen to the CBA’s podcast “Accounting for California.”

EMAIL

The CBA maintains an email Listserv—E-News—that consumers and other stakeholders may sign up for and that distributes information based upon subscribers’ interests. The CBA uses E-News to share links to CBA meeting agendas and materials, information about law changes, the CBA’s *UPDATE* newsletter, and other items of interest to applicants, licensees, and consumers.

SOCIAL MEDIA

The CBA maintains accounts on Facebook, X (formerly known as Twitter), LinkedIn, and YouTube. These platforms provide consumers and other stakeholders a convenient option to get updates from the CBA and ask questions.

The CBA’s social media presence has significantly grown in recent years and was a critical resource during the COVID-19 pandemic to share information with stakeholders.

BOARD MEETING MATERIALS AND MINUTES

The CBA, including all advisory and statutory committees, posts all meeting agendas and materials on the CBA website at least 10 days in advance of its meetings. Those materials are not removed from the website and continue to be accessible in perpetuity.

Draft meeting minutes are posted as part of the next meeting's materials. Once approved, the final minutes are posted to the CBA website within 10 days. Meeting minutes are not removed from the website and are accessible indefinitely.

52. Does the CBA webcast its meetings? What is the CBA's plan to webcast future CBA and committee meetings? How long do webcast meetings remain available online?

All CBA meetings are webcast through the CBA website. Like the CBA meeting materials, those webcasts are archived and available online permanently. Each webcast provides closed caption.

During the COVID-19 pandemic, the CBA transitioned to holding CBA and committee meetings via the Webex meeting platform. Webex is a multifunctional desktop video/audio conference call application that allows meetings to occur anywhere, in real time, using internet access.

The CBA used this platform to initially hold meetings remotely, with members and consumers logged in at their location. It provided the opportunity for consumer interaction and was expertly moderated by DCA staff.

The CBA transitioned its meetings back to in person in January 2022 and most of its committees also began meeting in person, with a few exceptions. Though the CBA has primarily transitioned back to in-person meetings, it continues to use the Webex platform to facilitate consumer engagement and participation in meetings as they can do so via the internet, eliminating the need for consumers to travel to CBA meetings.

53. Does the CBA establish an annual meeting calendar and post it on the CBA's web site?

The calendar of all CBA meetings, including all committee meetings, is accessible on the CBA website.

54. Is the CBA's complaint disclosure policy consistent with DCA's Recommended Minimum Standards for Consumer Complaint Disclosure? Does the CBA post accusations and disciplinary actions consistent with DCA's Website Posting of Accusations and Disciplinary Actions (May 21, 2010)?

DCA developed its Recommended Minimum Standards for Consumer Complaint Disclosure as a model for how to handle disclosure. These standards contemplate and recognize that boards may have their own respective disclosure practices, which the CBA does. The CBA maintains the confidentiality of complaints and investigations, as allowed for by the Public Records Act. If the CBA takes enforcement action, either through formal discipline or citation, the public enforcement documents are placed on the CBA website.

55. What information does the CBA provide to the public regarding its licensees (i.e., education completed, awards, certificates, certification, specialty areas, disciplinary action, etc.)?

On its website, the CBA provides the public a significant amount of information regarding its licensees, including:

- Status (e.g., clear, delinquent, revoked) of a license for California CPAs and accountancy firms.
- Pending and final enforcement actions taken by the CBA.
- Date of initial licensure and current expiration date.
- Whether a licensee is authorized to sign reports on attest engagements.
- Address of record.
- Access to CPAverify, a national database of licensed CPAs and CPA firms.

This information helps a consumer understand key aspects of a licensee's experience, authority to practice, and whether that licensee has been disciplined by the CBA. Posted disciplinary actions contain a detailed account of the CBA's investigation, its findings, and the discipline imposed (e.g., probation, practice restriction).

In addition, on the CBA website, consumers may access guidance to help them choose a CPA appropriate to their needs or file a complaint. This, and other helpful information is included in the CBA's Consumer Assistance Booklet.

56. What methods are used by the CBA to provide consumer outreach and education?

As the direct beneficiary of the CBA's mission and vision, consumers are a primary audience for the CBA's communication and outreach activities.

The term "consumer" refers generally to individuals and businesses that directly or indirectly use or rely on the services of a CPA or accounting firm. This audience is broad and diverse, and may be segmented into various subgroups (e.g., general public, small businesses).

The CBA embraces many methods to provide consumer outreach and education. To have a successful communication and outreach program, the CBA must employ a variety of assets appropriate to the intended audience and support the desired message. An asset is a resource that the CBA has either direct or indirect control over.

Additional resources are being developed based on the recommendation by the Consideration of the CPA Experience Requirements Taskforce to better inform consumers regarding the difference in services performed by CPAs who maintain a license with or without the authority to sign reports on attest engagements.

The CBA employs the following assets to provide consumer outreach and education:

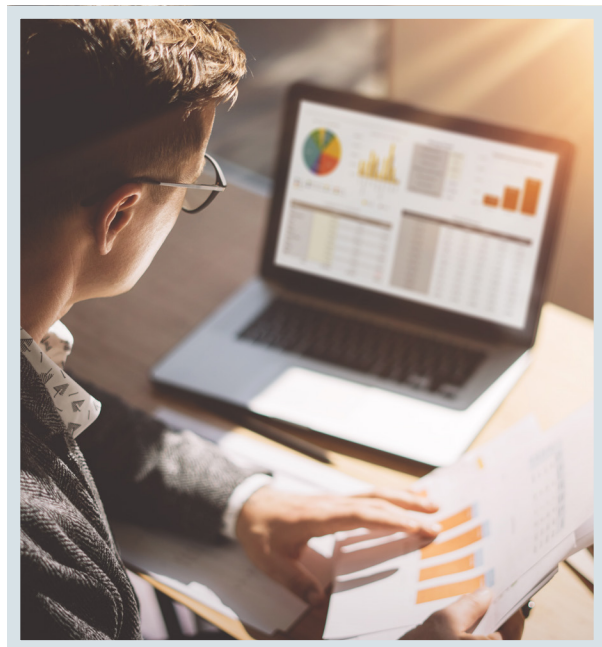
- CBA website.
- *UPDATE* newsletter.
- Social media accounts (Facebook, X [formerly known as Twitter], LinkedIn, YouTube).
- Email (E-News).
- "Accounting for California" podcast.
- Videos.
- Surveys to gather feedback.
- Handbooks.
- In-person and virtual events.

- Partnerships with other state agencies and professional associations.
- Executive Officer's Report.

Messaging and education goals for consumers include:

- Awareness of the CBA and its role.
- Knowledge of the complaint and enforcement process.
- Seeing the CBA as a trusted, supportive, and competent organization.
- Understanding of the services provided by CPAs and accounting firms.
- License lookup and public enforcement document searches.
- Guidance to choose a CPA suitable for their needs.
- Understanding qualified vs. authorized.
- How to identify and report unlicensed activity.
- Providing excellent customer service through timely and thorough responses to consumer inquiries.

Two key resources the CBA develops to guide its outreach and education are the Communications and Outreach Plan (which is updated annually) and the Strategic Plan (which identifies overall goals and objectives to meet its consumer protection mandate).



SECTION 6

ONLINE PRACTICE ISSUES

57. Discuss the prevalence of online practice and whether there are issues with unlicensed activity. How does the board regulate online practice? Does the board have any plans to regulate internet business practices or believe there is a need to do so?

The use of the internet during the practice of public accountancy is commonplace and the CBA regulates in this area consistent with the CBA's mission of consumer protection.

Regardless of whether licensees practice via the internet or through traditional means, licensees are subject to CBA regulatory requirements and enforcement action. For instance, the performance of audits only through the internet is prohibited by professional standards and would subject a licensee to possible enforcement action.

UNLICENSED ACTIVITY

There are two main categories of unlicensed activity related to online practice:

- CBA licensees who practice in an unauthorized manner.
- Nonlicensed individuals and businesses that advertise to perform public accounting services or use a protected title such as CPA, accounting, or auditing.

Staff review the internet to determine if expired, revoked, or surrendered licensees are still practicing public accountancy or if they are using the CPA designation without a valid license. Most often, these cases are a result of individuals using the CPA designation on such websites as Facebook and LinkedIn.

A letter instructing the individuals to remove the content is sent. Most cases result in gaining compliance. In instances when the CBA cannot gain compliance, it refers them to DCA's Division of Investigation.

In instances where individuals are using protected terms, such as accounting and auditing, the CBA seeks to determine if the services they are providing rise to the level of licensure as a CPA. In these instances, the CBA works with the individuals to adjust their respective marketing materials to remove various terms, indicate that the services being performed do not require a license, or both.

If the CBA identifies that the work performed does rise to the level of needing to be licensed or individuals fail to address their advertising materials, the CBA will refer the matter to DCA's Division of Investigation. If the allegations prove to be true, the case is referred to the appropriate District Attorney's Office for consideration of filing misdemeanor charges.



SECTION 7

WORKFORCE DEVELOPMENT AND JOB CREATION

58. What actions has the CBA taken in terms of workforce development?

The CBA believes that contributing toward the development of the CPA workforce directly relates to achieving its consumer protection mission, including its vision that “all consumers are well-informed and receive quality accounting services from licensees they can trust.”

The CBA’s workforce development actions include timely application processing and educational outreach events to potential applicants.

The CBA has been actively working with regional and national stakeholders in an effort to address the declining candidate population.

TIMELY APPLICATION PROCESSING

The CBA has established targeted timeframes for processing applications for examination and initial licensure that enable a qualified individual to quickly enter the profession.

The CBA’s goal is to process these applications within 30 days.

EDUCATIONAL OUTREACH EVENTS

The CBA’s Outreach Program educates applicants on the examination, education, and experience requirements for licensure. In addition, this program helps licensees understand the requirements to maintain their practice rights, including their continuing education requirements and recent CBA enforcement activity.

The CBA uses the following communication channels to educate applicants and licensees:

- The CBA website.
- *UPDATE* newsletter (published triannually).
- Conduct virtual and in-person on campus licensing educational events.
- Social media engagement through Facebook, X (formerly known as Twitter), and LinkedIn.
- CBA “Accounting for California” podcast.
- E-news (email Listserv for various topics).
- Through the CBA’s SURE CPA Project, as described in Section 1.

59. Describe any assessment the CBA has conducted on the impact of licensing delays.

The Licensing Program’s primary charge in meeting the CBA’s consumer-protection mission is to regulate entry and continuing practice in the profession by ensuring that only those who are qualified are licensed to practice public accountancy.

The CBA maintains a 30-day processing target for its applications. The 30-day processing timeframe is the target reported to the Governor’s Office and Legislature as part of the performance-based budgeting and is included in the CBA 2022–2024 Strategic Plan.

The CBA's average time to process an application and issue a license temporarily increased beyond the 30-day target during fiscal years 2019–20 and 2020–21 due to the COVID-19 pandemic when the CBA was establishing and implementing telework. The CBA quickly enhanced telework and hybrid work procedures to ensure that applications were processed in a timely manner. Beginning in fiscal year 2021–22, the CBA has met or exceeded the 30-day processing goal.

60. Describe the CBA's efforts to work with schools to inform potential licensees of the licensing requirements and licensing process.

The CBA maintains its focus to build relationships with California colleges and universities and conducts outreach events with those campuses as often as possible. At college/university outreach events (both virtual and in person), staff explain the requirements for licensure and the CBA's application review process.

To provide further assistance, staff will meet one on one with students at these events to review their transcripts and answer questions about their individual circumstances.

Additionally, CBA Members have served as ambassadors of information regarding different areas of practice, the rewards of obtaining a CPA license, and offering guidance and feedback to attendees at events on what to expect as they continue the path of becoming a CPA. When feasible, these events are webcast and available for later viewing online.

61. Describe any barriers to licensure and/or employment the CBA believes exist.

The CBA believes timely processing of applications is crucial to minimizing barriers to licensure and employment. The CBA has established targeted timeframes for processing applications for examination and initial licensure that enable a qualified individual to quickly enter the profession.

The CBA's goal is to process these applications within 30 days.

62. Provide any workforce development data collected by the CBA, such as:

- a. Workforce shortages.
- b. Successful training programs.

To monitor the CPA workforce, the CBA periodically collects workforce development and outlook data from the Bureau of Labor Statistics¹¹.

The most recent findings include:

- The percent of projected job growth for accountants and auditors between 2022 and 2032 is 4%.
- The number of new accounting and auditing jobs that will need to be filled annually is 67,400.
- The national median accountant and auditors' salary is \$78,000, annually.
- The California mean CPA salary is \$95,607 annually.¹²

As the pathway to CPA licensure is formal education, and the CBA relies on accreditation agencies and the Department of Education for accreditation, there are no formal training programs that the CBA oversees or monitors data.

Applicants do, however, have many Uniform CPA Examination preparatory courses to choose from to add to their formal training and preparation for taking the Uniform CPA Examination. These courses can be classrooms, computer courses, videos, self-tests, and even podcasts are available to students, normally for a fee.

Uniform CPA Examination preparatory courses are just one way for students to prepare. For example, the American Institute of CPAs' This Way to CPA website recommends students:

¹¹ Data from Bureau of Labor Statistics as of September 2023.

¹² Data from the California Employment Development Department.

- Find a study style.
- Develop a plan.
- Use free resources and tools such as CPA Exam Blueprints found online through American Institute of CPAs.
- Manage their social calendar.
- Read success stories of others who passed the Uniform CPA Examination.

Although there is not current data as to the success rates of Uniform CPA Examination preparatory courses, the American Institute of CPAs oversees a website—CPA Exam Prep Course Reviews—that allows students to research the course format, rate the course, and write reviews.

63. What efforts or initiatives has the CBA undertaken that would help reduce or eliminate inequities experienced by licensees or applicants from vulnerable communities, including low- and moderate-income communities, communities of color, and other marginalized communities, or that would seek to protect those communities from harm by licensees?

The CBA's mission is consumer protection. We meet this mission through ensuring applicants meet the necessary requirements for examination, licensure, and license renewal, and ultimately ensuring licensees practice in accordance with professional standards.

The CBA provides extensive information on its website to assist those who are both trying to become a CPA or renewing their CPA license. Further, the CBA conducts outreach events where information is shared regarding the requirements and value of obtaining a CPA license. Additionally, the CBA has held an online event open to all licensees to share information about maintaining a CPA license.

Through these and other outreach opportunities, the CBA works to ensure ease of access to information to all individuals, including easy to use databases to apply for examination and licensure or to file a complaint against a licensee.

The CBA is also following any guidance and examples that are established by the DCA to increase its efforts and initiatives in this area as consumer protection and professional regulation is led by DCA.

As referenced in Section 1 of this report, the CBA is working on a project (SURE CPA Project) to determine what obstacles may exist for those seeking to enter the accounting profession. Through this project we are seeking input from all impacted and interested persons regarding ways to reduce barriers.

SECTION 8

CURRENT ISSUES

64. What is the status of the CBA's implementation of the Uniform Standards for Substance-Abusing Licensees?

As a nonhealth board, the CBA does not have a diversion program and has not adopted the Uniform Standards for Substance-Abusing Licensees.

65. What is the status of the CBA's implementation of the Consumer Protection Enforcement Initiative (CPEI) regulations?

While as a nonhealth board, the CBA has not adopted regulations associated with the Consumer Protection Enforcement Initiative, the CBA has proactively implemented many of the Consumer Protection Enforcement Initiatives to improve its overall Enforcement Program. Some examples include:

- Adopted DCA's Enforcement Performance Measures.
- Reviewed internal enforcement processes to identify process improvements to reduce cycle and investigation times.
- Posted accusations (along with all publicly available enforcement documents) to the CBA website.
- Delegated subpoena powers to the Executive Officer and Chief of Enforcement.
- Implemented mandatory fingerprinting regulations.
- Submitted budget change proposals to ensure that the CBA has sufficient staffing resources to meet its consumer protection mandate.

66. Describe how the CBA is participating in development of BreEZe and any other secondary IT issues affecting the CBA.

- a. Is the CBA utilizing BreEZe? What Release was the CBA included in? What is the status of the CBA's change requests?
- b. If the CBA is not utilizing BreEZe, what is the CBA's plan for future IT needs? What discussion has the CBA had with DCA about IT needs and options? What is the CBA's understanding of Release 3 boards? Is the CBA currently using a bridge or workaround system?

The CBA was scheduled for BreEZe Release 3 that evolved into the Business Modernization Project. With the support of, and collaboration with, DCA, the CBA developed a Business Modernization Project beginning in July 2019 that would provide the ability to select an information technology solution to fit its specific needs.

In collaboration with DCA's Organizational Improvement Office, the CBA completed business process mapping and functional requirements identification in September 2020 and then proceeded to start the California Department of Technology's Project Approval Lifecycle.

In April 2021, the CBA launched an online application for CPA licensure. This option provided the ability to submit licensing applications, upload necessary documents, and pay the licensing application and initial licensee fees entirely on the CBA website. In conjunction with the online licensing application, licensing applicants were also able to access a personal dashboard to monitor the review process of their application. This was a major improvement in the overall initial licensure experience for applicants.

In October 2021, the CBA began a Business Modernization Pilot Project to focus on a subset of the modernization effort and leveraged the Connect platform, powered by inLumon software. This platform is successfully used by other DCA boards and bureaus to meet their online licensing and enforcement requirements.

CBA Connect was launched in April 2022 allowing licensees to renew and pay for the current renewal cycle, enter continuing education information which will be validated by the system, and handle correspondence (such as deficiency notifications) between the licensee and CBA staff. Shortly after launch in May 2022, CBA Connect included the submission of online complaints and intake. The pilot project was completed in October 2022.

In November 2022, the CBA entered into a new contract for the Business Modernization Project to include an Enforcement Case Management System and enhancements to the existing online renewal system. After discussions with DCA's Office of Information Services and InLumon, the CBA decided to continue market research for the enforcement module, not ruling out InLumon, but to confirm if CBA Connect will meet the specific needs of the Enforcement Division. This Business Modernization Project is scheduled to conclude in July 2025.

The CBA continues to rely on DCA's Consumer Affairs System or CAS and several internal stand-alone databases as workarounds to address workload demands.



SECTION 9

BOARD ACTIONS AND RESPONSES TO COVID-19

67. In response to COVID-19, did the CBA take any steps or implement any policies regarding licensees or consumers? Has the CBA implemented any statutory revisions, updates, or changes that were necessary to address the COVID-19 pandemic? Any additional changes needed to address a future State of Emergency declaration.

Executive Order N-40-20 enabled the CBA to extend the deadline for licensees to complete their continuing education requirement. This originally granted additional time to licensees with renewals in March or April 2020, although the window was eventually broadened by DCA to allow all licensees renewing between March 2020 and September 2021 to receive an extension until January 31, 2022. Further, on a case-by-case basis, the CBA exercised its authority to grant continuing education extensions beyond the dates recognized in the Executive Order. A total of 1,098 continuing education-related requests were approved.

Teleconferencing was adopted for meetings of the CBA. The CBA used the various Executive Orders that were issued and then the statutory changes contained in Assembly Bill 361 (Rivas, Chapter 165, Statutes of 2021) and Senate Bill 189 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2022). The transition to teleconference meetings was initially due to the concern for public health, and the difficulty encountered with travel during the height of the pandemic.

As time moved forward, the CBA learned that this format led to increased participation from stakeholders and the public, and the meetings still accomplished their objectives despite members

not being in the same location. The CBA resumed in-person meetings in January 2022; however, the option for consumers and stakeholders to participate remotely via the Webex platform continues.

The closure of Prometric testing facilities and college and university registrar offices for a time led to delays in completing required examinations for CPA licensure and obtaining necessary transcripts for both examination and CPA licensure. The CBA responded by working with applicants, licensees, and national organizations to provide aid through the difficult times presented by the pandemic.

On June 1, 2020, following a two-month closure, Prometric reopened its testing centers to capacity for essential programs that included CPAs. Prometric worked directly with Uniform CPA Examination applicants to reschedule canceled sections. To support those applicants, the CBA and the National Association of State Boards of Accountancy extended the expiration dates of any notice to schedule or Uniform CPA Examination credit expiring between April 1, 2020 and December 30, 2020, until December 31, 2020.

The CBA also expedited a new process to accept electronic transcripts for both examination and initial CPA licensure candidates.

The CBA was among the first of DCA's boards to post on its website and social media accounts the application processing timeframes, in advance of the enactment of the statutory requirement. The social media posts were noticed and highlighted by a national accounting-related blog.

The CBA has not identified any additional changes needed to address a future State of Emergency declaration.

SECTION 10

BOARD ACTION AND RESPONSE TO PRIOR SUNSET ISSUES

ISSUE 1: INITIAL LICENSE AND LICENSE RENEWAL FEE LEVEL

Should the Legislature increase the CBA's statutory maximum for license renewal and initial permit fees?

Committee Staff Recommendation: The CBA should explain to the Committees why it believes the increase of \$250 is warranted. In addition, explanation around implementation and timing needs to be addressed.

2019 SUNSET REVIEW RESPONSE

Increasing the amounts authorized by statute from \$250 to \$500 would allow necessary revenue growth so the CBA may maintain an adequate reserve and sufficiently fund its operating expenses for the foreseeable future.

During the CBA's 2015 Sunset Review, the Legislature expressed concern regarding whether the CBA would be capable of—from both a funding and staffing perspective—investigating and prosecuting a case against a large accountancy firm. Therefore, the Legislature encouraged the CBA to maintain a 24-month spending reserve. As the CBA considers the adequacy of its revenue, it keeps this legislative guidance in view.

The CBA's current statutory maximum amounts for its license renewal and initial permit fees have been in place for approximately 30 years. Presently, the CBA is pursuing a rulemaking to place its license renewal and initial permit fees at \$250, the maximum allowed by statute. However, the CBA now believes it requires additional fee increases to accommodate unanticipated enforcement expenses and obtain a 24-month spending reserve.

Whenever the CBA changes its fees through regulations, it must comply with the Administrative Procedure Act, which governs the rulemaking process. The Administrative Procedure Act requires an agency to, among other requirements, establish the necessity of any proposed rulemaking. This law requires the CBA to show a clear need and justification for its proposed fees.

Any increases in the CBA's fees would be limited by Business and Professions Code section 128.5(a), which requires the CBA to lower its fees if, at the end of any fiscal year, it has unencumbered funds in an amount equal to, or more than, its operating budget for the next two fiscal years. This law prevents the CBA from maintaining fee amounts beyond what is required to fund its operating expenses and maintain a prudent reserve.

2024 SUNSET REVIEW RESPONSE

Effective January 1, 2020, Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019), amended the Business and Professions Code section 5134 to establish the CBA's license renewal fee at \$250, but not more than \$280. Prior to this change, the statute merely set a maximum fee level, which was not to exceed \$250. There was no prior minimum fee level.

The statutory fee level change was implemented to 1) address the CBA's negative annual cash flow, and 2) build the CBA's revenues to achieve 24 months in reserve (guidance provided by the Legislature during the 2015 Sunset Review).

Following implementation of the \$250 fee level, the CBA's revenues increased significantly; however, they continued to remain under the CBA's annual authorized expenditures. To address the continuing

negative cash flow, the CBA implemented a second fee increase via a rulemaking on October 1, 2022. The increase set the initial license and license renewal fee to the \$280 statutory maximum.

During the prior sunset review, it was conveyed that the CBA should conduct a fee analysis to determine whether the license renewal fee (and other CBA fees) were at the appropriate level to recover the costs to actually perform the service for which the fee is assessed.

In January 2023, DCA presented the CBA’s Fee Analysis, which analyzed whether the CBA’s present fee levels were sufficient to cover the actual cost to perform the corresponding service. The Fee Analysis reflected that the CBA is not collecting fees at the appropriate level to cover the cost of performing specified services. As a result, the CBA’s revenues are not adequately covering its authorized expenditures, and this is impacting the CBA’s Reserve Fund balance and months in reserve. Fee increases are necessary to eliminate the structural imbalance and build its months in reserve to ensure the CBA has the resources necessary to carry out its operations.

Although the CBA Fee Analysis looked at several CBA-assessed fees, the CBA’s primary revenue source is funds collected from license renewal fees. Although there are several fee categories proposed for an increase, the impact they have to the CBA’s overall revenue is negligible.

Using the Fee Analysis as a guide, the CBA approved a legislative proposal that would increase some fees (license renewal, initial permit, and application review fees) and keep other fees associated with entry into the practice of public accounting at the current level in recognition of the current pipeline issues.

At the conclusion of the January 2023 CBA meeting, a representative from the California Society of CPAs suggested the CBA consider a staggered approach to increasing the license renewal fees as there had been two recent increases, January 2020 and October 2022, respectively.

At the March 2023 meeting, staff reported they were unable to find an author to carry legislation for a CBA-specific statutory fee increase, but noted they continued to work with DCA on the possibility of including the CBA fee changes in a DCA-wide bill authored by the Senate Business, Professions and Economic Development Committee.

Staff also reported that in response to the suggestion by the California Society of CPAs, they were working with DCA’s Budget Office on exploring how a staggered approach to increasing the license renewal fees would impact the Accountancy Fund and whether it could be a viable alternative.

At the May 2023 CBA meeting, staff presented a proposal for a two-step increase for license renewal and initial licensure¹³ as follows:

TWO STEP LICENSE RENEWAL FEE INCREASE PROPOSAL			
FEE TYPE	CURRENT FEE	FEE INCREASE 7/1/2024	FEE INCREASE 7/1/2026
Corporation/Partnership Application Review	\$150	\$250	N/A
Renewal License—CPA	\$280	\$340	\$400
Renewal License—Corporation/Partnership	\$280	\$400	\$520

¹³ The initial permit and delinquent license renewal fees are set in statute and are based on the license renewal fee level.

The new proposal modified the application review fee for new accountancy firms (corporations and partnerships). Staff proposed that the minimum fee level be set in statute at \$250, making it consistent with the application review fee for an individual applying for a CPA license, which is set in regulation at \$250.

The two-step fee increase approach would also allow more time for those impacted to acclimate to the higher fees as new license permit fees and license renewal fees for CPAs and accountancy firms increased in January 2020 (from \$120 to \$250) and again in October 2022 (from \$250 to \$280).

With a two-step fee increase approach, the CBA's goal of increasing revenues and ensuring the revenues address its annual authorized expenditures is still achieved. The CBA's months in reserve level continues to increase in future years.

The CBA was advised that its fee proposal could be included in the Senate Business, Professions and Economic Development Committee bill. On June 27, 2023, Senate Bill 816 was amended to include the two-step license renewal fee increase approach and the \$250 application review fee for new accountancy firms. The proposal also increases the statutory cap for the CPA application review fee and accountancy firm application fee to \$700 and \$2,000, respectively.

The bill also includes new proposed language that would authorize the CBA to lower license renewal fees if the Accountancy Fund exceeds 24 months in reserve. This will allow the CBA to do a fee reduction, via regulation, if reserves get too high in the future.

ISSUE 2: DENIAL OF AN APPLICATION FOR CPA LICENSURE

Should the CBA be allowed to consider certain applicants' past actions as grounds for the denial of an application for CPA licensure?

Committee Staff Recommendation: Based upon conversations with stakeholders and others, staff recommend that it is not advisable to support the reversal back to "substantially related" or exempting CBA from that provision of the

legislation in Assembly Bill 2138 (Chiu, Chapter 995, Statutes of 2018). Reverting back to a "substantially related" standard for denial of licensure would weaken the effect of Assembly Bill 2138 by allowing crimes that are only vaguely connected to a person's application for a license to be used as a basis for denying licenses once again.

However, the Committees should be comfortable with removing the term "fiduciary" and allowing CBA to consider federal and foreign government agencies and the Public Company Accounting Oversight Board disciplinary action when reviewing a licensure application. CBA should explain to the Committee why they believe this will be beneficial to the profession.

2019 SUNSET REVIEW RESPONSE

The CBA believes it is a commendable goal, under Assembly Bill 2138, to assist applicants who have a criminal history to obtain gainful employment and provide stakeholders a more clear understanding of how an occupational licensing board evaluates past criminal convictions.

To benefit consumers and further its mission, the CBA requests two statutory changes related to Assembly Bill 2138:

1. Remove the term "fiduciary" from its requirements to draft regulations related to financial crimes.

Assembly Bill 2138 directs the CBA to conduct a rulemaking related to financial crimes that are directly and adversely related to the "fiduciary" qualifications, functions, or duties of a CPA.

The CBA requests the term "fiduciary" be removed because many of the functions and duties a CPA performs for a client or employer do not have a fiduciary component. For example, CPAs who perform tax preparation and audit services don't necessarily have a fiduciary duty or relationship to their clients.

Removal of the "fiduciary" qualifier will ensure the CBA is able to consider the full range of appropriate financial crimes that are directly and adversely related to the practice of public accountancy.

2. Allow the CBA to consider disciplinary action from federal agencies, including the Public Company Accounting Oversight Board, and foreign government agencies when reviewing a licensure application. The CBA presently has this authority, which is scheduled to be removed when Assembly Bill 2138 takes effect on July 1, 2020.

The CBA regularly monitors for discipline imposed by those entities. Two notable federal regulators are the U.S. Securities and Exchange Commission and the Public Company Accounting Oversight Board. CPAs must register to practice before these entities, which are authorized to discipline a CPA for unprofessional conduct, including acts such as insider trading, fraud, and filing false financial information.

Similarly, the CBA considers discipline imposed by government agencies outside the United States to be relevant, as it receives a number of applications from individuals who reside outside our country.

If a current CBA licensee was disciplined by a federal regulator or foreign government, that action would be reviewed to determine if further discipline by the CBA is appropriate.

Further, the CBA agrees with the committee staff recommendation to not return to a substantial relationship standard for the financial crimes described in the newly added Business and Professions Code section 480(a)(1)(B).

The CBA greatly appreciates the time spent by staff from both committees and Assemblymember Chiu's office to address its concerns related to Assembly Bill 2138.

2024 SUNSET REVIEW RESPONSE

On September 30, 2018, Governor Edmund G. Brown approved Assembly Bill 2138, which amended the Business and Professions Code relating to licensing professions and vocations by boards within DCA, effective July 1, 2020. Specifically, Assembly Bill 2138 impacted a board's authority to deny, revoke, or suspend a license on the basis of a criminal conviction or professional misconduct; required boards to amend their existing regulations

for use when considering the denial, suspension, or revocation of a license to determine whether a crime is substantially related to the qualifications, functions, or duties of the profession regulated; and to develop criteria to evaluate the rehabilitation of a person when considering the denial, suspension, or revocation of a license.

Assembly Bill 2138 also allowed certain boards, including the CBA, to deny a license if "the applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the fiduciary qualifications, functions, or duties of the profession" being regulated.

As part of the Section 11—New Issues from the Prior Sunset Review Report, Issue #6—Denial of An Application for Initial CPA License, the CBA requested the Legislature consider amendments to recent changes brought about by the passage of Assembly Bill 2138. Specifically, the CBA requested: 1) reinstating the CBA's ability to deny an application for CPA licensure for administrative actions taken by federal regulators or foreign governments, and 2) expand the CBA's ability to deny an application for CPA licensure for financial crimes.

When the Legislature extended the CBA's sunset date with the passage of Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019), the Legislature added Business and Professions Code section 5100.2, which created two carve-outs to amendments to Business and Professions Code section 480 that were brought about by the passage of Assembly Bill 2138, as follows:

1. Regardless of the seven-year lookback period provided for in BPC section 480, pursuant to BPC section 5100.2, subdivision (a)(1), the CBA may deny an applicant for a license if the applicant was convicted of a financial crime currently classified as a felony that is directly and adversely related to the qualifications, functions, or duties of a certified public accountant, pursuant to regulations adopted by the CBA (which the CBA adopted under title 16, California Code of Regulations, section 99.2).

2. Pursuant to BPC section 5100.2, subdivision (a)(2), the CBA may deny an applicant if, within the preceding seven years from the date of application, the applicant was subjected to a disciplinary action taken by an agency of the federal government, the Public Company Accounting Oversight Board, or another country for any act substantially related to the functions, qualifications, or duties of a certified public accountant.

ISSUE 3: LACK OF AUTOMATION AND ONLINE SERVICES

The CBA lacks automation and online services, which has impacted processing timeframes and its level of customer service. Does the CBA have a plan to address this issue?

Committee Staff Recommendation: CBA to report, at the hearing, on the current status of their efforts. The CBA is in the BreZE Release 3, but with the support of, and collaboration with, DCA, the CBA plans to develop a Business Modernization Project beginning in July 2019. The CBA will be able to select an IT solution to fit its specific business needs, rather than attempting to change its processes to meet BreZE requirements.

2019 SUNSET REVIEW RESPONSE

The CBA has largely manual internal processes for its licensing and enforcement programs and its automated functions are few and limited. The CBA was scheduled for BreZE Release 3, but is now in the preliminary planning process, in collaboration with DCA, on a Business Modernization Project.

The Business Modernization Project has the same goal as BreZE, which is to create and transition to a single enforcement and licensing database system that provides internal automation and online capabilities for its stakeholders. In July 2019, the CBA expects to begin the process to formally identify its business needs for this new system. While the development of this project is underway, the CBA has already begun to proactively develop interim steps and short-term solutions to improve

services to its stakeholders. Presently, the CBA is exploring increased automated services to improve the processing timeframes for applications. These include:

- Increased ability to submit documents electronically.
- Opportunities for applicants to obtain status information of the application electronically.
- Improved communications.

In December 2018, the CBA launched a system to allow licensees to pay their renewal fees via an online portal with a credit card and submit their renewal application and related paperwork via email. By summer 2019, the CBA expects to implement an online application for initial licensure. This would include email notifications that inform applicants of the status of their application as it moves through each stage of the process.

Although the Business Modernization Project is a few years away from completion, the CBA is leveraging its current technological capabilities to enhance the services provided to its stakeholders.

2024 SUNSET REVIEW RESPONSE

The CBA continues to work closely with DCA on its Business Modernization Project to achieve its goal of creating a more efficient and automated licensing and enforcement process for consumers, applicants, licensees, and other stakeholders. These improvements will be enabled by new technology systems, which will replace several legacy systems and applications.

In April 2021, the CBA launched an online application for CPA licensure. This new option provides the ability to submit applications, upload necessary documents, and pay the application and initial licensee fees entirely on the CBA website. Nearly 90% of applicants use the online application. Concurrently, the CBA also launched an online application dashboard. The dashboard allows applicants instant access to monitor the review process of their application.

CBA Connect—a fully automated online license renewal system—was launched in April 2022. CBA Connect enables licensees to complete their entire license renewal process online, from the option to report and track continuing education to paying renewal fees. CBA Connect eliminates paper applications and mailing a check to the CBA. Additionally, when licensees sign up for a CBA Connect account, they will receive emails throughout their licensure period with reminders on continuing education requirements. Licensees can also complete an address change through CBA Connect.

In October 2022, there was an enhancement added to CBA Connect, enabling licensees to use a CBA-created Excel spreadsheet to upload a listing of continuing education courses to the online renewal system. Licensees can continue to also add continuing education courses individually.

A new online complaint submission system was launched in May 2022. This new system assists the Enforcement Program with the CBA's highest priority—consumer protection. The new system allows users to include supporting documentation and receive an electronic copy of their complaint submission. The new system also includes a back-office intake queue to manage online complaints received.

The CBA continues to make certain the Business Modernization Project remains a high priority and has made staffing adjustments internally to provide DCA with the staff support it needs to ensure a successful outcome.

Implementation of the various components of the Business Modernization Project has enabled the CBA to process Uniform CPA Examination and CPA licensure applications well below the CBA's goal of 30 days. This has had a significant positive impact on applicants as they continue and complete their journey to CPA licensure.

ISSUE 4: AUTOMATE DELIVERY OF UPDATE NEWSLETTER

The CBA is seeking to automate the delivery of its *UPDATE* newsletter to reduce its environmental impact and lower costs.

Committee Staff Recommendation: The CBA should explain to the Committees why automating delivery of its newsletter will be beneficial.

2019 SUNSET REVIEW RESPONSE

The CBA is seeking authority to distribute its *UPDATE* newsletter in an electronic format. The CBA is presently required to mail a hard copy of its *UPDATE* newsletter as mandated by Business and Professions Code section 5008, which states the CBA “shall, from time to time, but not less than twice each year, prepare and distribute to all licensees, a report of the activities of the board ... and may likewise distribute reports of other matters of interest to the public and to practitioners.”

The CBA is one of the very few licensing boards and bureaus under DCA that continues to print and mail its newsletter. Thirty-eight of the 41 DCA boards and bureaus do not print their newsletter and instead post it to their website.

The CBA spent approximately \$280,000 in fiscal year 2017–18 on the printing, mailing, and postage costs for the *UPDATE* newsletter. This has increased 44% since fiscal year 2013–14 when the annual cost was approximately \$194,000.

The CBA intends to allow *UPDATE* readers to continue receiving a paper copy, upon their request. However, transitioning to a primarily electronic distribution will save money, reduce impacts to the environment, and decrease the time it takes to produce and distribute the *UPDATE* newsletter.

2024 SUNSET REVIEW RESPONSE

The CBA transitioned to electronic distribution of *UPDATE* with Issue 90 in spring 2020.

Licensees and other interested parties receive an email directing them to the CBA website to access it. Individuals who prefer the paper form continue to have the option to request that the CBA mail a hard copy up to 14 days after each *UPDATE* issue is published on our website. The CBA averages about 250 printed copies per *UPDATE* edition, compared to the prior volume of nearly 80,000.

Since launch, the CBA has realized a savings of approximately \$250,000 each fiscal year. With providing the option to view electronically or receive a paper form, the transition to the new format has been very well received by stakeholders.

ISSUE 5: REQUIRE LICENSEES TO PROVIDE EMAIL ADDRESS

To enhance its communication capabilities, the CBA is seeking authority to require its licensees to provide an email address.

Committee Staff Recommendation: The CBA should explain to the Committees the current situation which exists regarding communications efforts and how seeking email addresses would help efforts.

2019 SUNSET REVIEW RESPONSE

In 2014, the CBA pursued a legislative proposal, which was included in Senate Bill 1467 (Committee on Business, Professions and Economic Development, Chapter 400, Statutes of 2014), to authorize the CBA to collect, but not require, a valid email address at the time of application for, or renewal of, a CPA license. As those provisions are optional, not every individual provides their email address to the CBA.

Presently, many of the CBA's communications efforts are paper based. As discussed in Issue #4, current law requires the CBA to print and distribute paper copies of its *UPDATE* newsletter. To facilitate the transition to a primarily electronic-based distribution of the *UPDATE*, the CBA seeks statutory authority to require all applicants and licensees to provide a valid email address.

Because the CBA lacks email addresses for all of its licensees, it often must communicate with them via the United States Postal Service. However, if the CBA possessed a valid email address for all licensees, the CBA would be able to communicate with them more quickly.

2024 SUNSET REVIEW RESPONSE

With the passage of Assembly Bill 1521 (Low, Chapter 359, Statutes of 2019) in September 2019, the CBA immediately began planning for the implementation of one of its key provisions, which required licensees who have an email address to report it to the CBA by July 1, 2020. New applicants would continue to provide their email during the application process. Communicating this message to our stakeholders was of high importance. An announcement was posted on the CBA website in October 2019 and was emailed to all E-News subscribers. Social media announcements began in fall 2019 and continued to the early months of 2020.

The CBA established a system where licensees could go to the CBA website to register their email address, and, in January 2020, a letter was mailed to all licensees with instructions to do so.

In 2021, the CBA sponsored Assembly Bill 298 (Irwin, Chapter 300, Statutes of 2021) that, among other provisions, clarified the confidentiality of licensee email addresses.

Presently, the CBA has approximately 86,000 email addresses registered for licensees. The CBA has used the licensee emails for various outreach campaigns including recruitment for its advisory committees, notification of Investigative Certified Public Accountant position vacancies at the CBA, rulemaking proposals, and notification regarding the availability of its *UPDATE* newsletter. The CBA has also used the email addresses to notify licensees of their upcoming renewal, new laws that are going into effect, and the launch of enhanced website functionality that provides more interactive tools.

With the implementation of CBA Connect, the CBA's online license renewal system, individuals are required to provide an email address. It is anticipated that this will enable the CBA to obtain an email address for nearly all licensees.

ISSUE 6: OBTAIN ADDITIONAL PERMANENT STAFF

Why is it necessary or beneficial to the CBA's operations to hire additional permanent staff?

Committee Staff Recommendation: The CBA should explain to the Committees why having permanent staff as opposed to temporary staff will assist in increasing workloads.

2019 SUNSET REVIEW RESPONSE

The CBA is presently operating at approximately the same number of permanent employees as it did in fiscal year 2011–12. During this same time the CBA's licensee population increased nearly 20%.

To address increased workload, in the absence of permanent positions, the CBA employs temporary help. Temporary employees often consist of seasonal clerks, intermittent positions, and limited-term staff.

On average, the CBA employs 18 temporary staff each year. There is high turnover in these positions as temporary employees often seek permanent positions. In fiscal year 2016–17, the CBA experienced a 44% turnover in its temporary help, with this rate growing to 53% in fiscal year 2017–18.

As turnover among temporary staff occurs, the CBA spends significant time to recruit and train new temporary staff. This continual transition has led to increased processing timeframes, backlogs of work, and the reliance on overtime to maintain the CBA's desired processing timeframes.

The CBA believes it is appropriate and fiscally responsible for permanent ongoing work to be performed by permanent staff.

2024 SUNSET REVIEW RESPONSE

In fiscal year 2019–20 the CBA received 10 full-time positions obtained through a Budget Change Proposal. The permanent positions replaced all temporary positions that were addressing ongoing workload. Seven of these additional positions were for the Licensing Division and three for the Enforcement Division.

The additional permanent staff had a positive impact on the workload, in that it created consistency in accomplishing tasks and eliminated staff turnover. Some of the permanent positions were filled by the staff in the temporary positions making transition smooth and with minimal impact to the workload.

The permanent positions also contributed to the CBA obtaining and maintaining processing timeframes well below its goal of 30 days for Uniform CPA Examination and CPA licensure applicants. Uniform CPA Examination and CPA licensure application backlogs.

ISSUE #7: POTENTIAL IMPLICATIONS FOR LICENSEES WORKING IN ACCOUNTANCY AS INDEPENDENT CONTRACTORS

Does the new test for determining employment status, as prescribed in the court decision *Dynamex Operations West Inc. v. Superior Court*, have any potential implications for licensees working in the accountancy as independent contractors?

Committee Staff Recommendation: The CBA should inform the committees of any discussions it has had about whether the Dynamex decision may somehow impact the current practice of accountancy.

2019 SUNSET REVIEW RESPONSE

The CBA has not had any discussions about whether the *Dynamex* decision may impact the practice of public accountancy.

2024 SUNSET REVIEW RESPONSE

The CBA is not aware of any issues or concerns regarding the *Dynamex* decision and has not needed to discuss this topic since the prior sunset review.

SECTION 11

NEW ISSUES

The New Issues section of the Sunset Review Report provides an opportunity for the CBA to inform the Sunset Committee of solutions to issues identified by the CBA, issues identified from prior sunset reviews that have not been addressed, and issues raised by the current Sunset Committee or other legislative committees.

ISSUE 1: ELIMINATION OF THE MOBILITY STAKEHOLDER GROUP

AMEND BUSINESS AND PROFESSIONS CODE SECTION 5096.21 ATTACHMENT H

Pursuant to Business and Professions Code section 5096.21(c), the CBA was required to convene a stakeholder group with the express purpose of determining whether California's practice privilege (more commonly referred to as mobility) provisions meet the CBA's duty to protect the public, and whether the provisions satisfy the objectives of stakeholders of the accounting profession, including consumers.

The stakeholder group—formally named the Mobility Stakeholder Group—conducted meetings and prepared annual reports documenting their activities. The final meeting of the Mobility Stakeholder Group was held in November 2019. Should any additional work be required relative to California's mobility provisions, it can be undertaken by the CBA, one of its committees (e.g., Committee on Professional Conduct), or a taskforce, as necessary.

The proposed amendment would eliminate the Mobility Stakeholder Group.

ISSUE 2: DENIAL OF A RETIRED STATUS LICENSE

AMEND BUSINESS AND PROFESSIONS CODE SECTION 5070.1

Licensees who are approved to have their license placed in retired status are prohibited by law from engaging in the practice of public accountancy. The CBA-approved proposal would allow an individual with a permanent restricted practice order to be approved for a retired status license.

The proposed amendment to Business and Professions Code section 5070.1 would allow the granting of a retired status license to these licensees.

ISSUE 3: REMOVE REFERENCES REQUIRING PHYSICAL MAILINGS TO/ FROM THE CBA

AMEND BUSINESS AND PROFESSIONS CODE SECTIONS 5018 AND 5093(B)(1)(A)

Business and Professions Code section 5018 requires the CBA to mail any proposed regulatory changes relating to the rules of professional conduct to every licensee at least 30 days prior to conducting a public hearing, to enable the CBA to consider any objections to the proposed provisions.

The proposed amendment would instead allow the CBA to send an email to licensees to notify them regarding proposed changes.

Business and Professions Code section 5093(b)(1)(A) enables an applicant enrolled in a program at an institution that grants conferral of a baccalaureate degree upon completion of the 150 semester units to qualify for the Uniform CPA Examination if the applicant's institution mails the applicant's official

transcript or its equivalent together or separately with a letter (containing specified information) signed by the institution's registrar, or its equivalent, directly to the CBA.

The proposed amendment would instead allow flexibility in how the information is provided to the CBA.

ISSUE 4: UPDATE CBA REFERENCES FOR EDUCATIONAL ACCREDITATION AGENCIES CONSISTENT WITH THE CODE OF FEDERAL REGULATIONS

AMEND BUSINESS AND PROFESSIONS CODE SECTIONS 5093 AND 5094

In February 2020, changes were made to the title 34, Code of Federal Regulations, section 602, regarding accrediting agencies by the United States Department of Education. Prior to these changes, there were seven regional accrediting agencies that were membership organizations of educational institutions within their geographic regions.

This regulation change eliminated the distinction between "regional" and "national" accreditation, creating one unified set of institutional accreditors. With geography no longer being a factor in an accrediting agency's scope, the United States Department of Education will distinguish only between institutional and programmatic accrediting agencies. The United States Department of Education published final regulations on accreditation, which became effective on July 1, 2021.

Currently, Business and Professions Code sections 5093 and 5094 provides that the CBA requires that applicants for CPA licensure must complete their educational requirements at a degree-conferring university, college, or other institution of learning "accredited by a regional or national accrediting agency" included in a list of these agencies published by the United States Secretary of Education under the requirements of the federal Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of section 5094.

The CBA relies on the list of institutions with accreditations recognized by the United States Department of Education under the requirements of the Higher Education Act of 1985, as stated above, to determine if applicants have met the educational requirements stated in Business and Professions Code sections 5093 and 5094. Recent changes at the federal level to eliminate regional accreditation, while not impacting internal CBA processes, could lead to confusion for both applicants and consumers.

The proposed amendment to Business and Professions Code sections 5093 and 5094 would change "a regional or national accrediting agency" to "an accrediting agency." This would bring California statutes into alignment with the revised provisions of 34 Code of Federal Regulations 602.

ISSUE 5: CHANGES TO PEER REVIEW REPORTING TO ENSURE ACCESS TO PEER REVIEW DOCUMENTATION

AMEND BUSINESS AND PROFESSIONS CODE SECTION 5076

Pursuant to Business and Professions Code section 5076, California-licensed accounting firms providing accounting and auditing services are required to undergo a peer review once every three years as a condition of license renewal. The CBA has recognized the American Institute of CPAs' Peer Review Program as the sole peer review program provider. Throughout 2022 and 2023, the CBA discussed the CBA's lack of access to peer review documentation (e.g., letters, reports, written communications) and information (e.g., data, dates or time periods) held by the American Institute of CPAs.

The American Institute of CPAs uses the Peer Review Integrated Management Application as its peer review administration system. Firms use the Peer Review Integrated Management Application for various activities during their peer review (e.g., designation of technical specialty and uploading of work papers and system controls). Firms also use the Peer Review Integrated Management Application to opt in to sharing objective information with a state

board of accountancy via the American Institute of CPAs' Facilitated State Board Access web tool. A state board of accountancy may use the Peer Review Integrated Management Application to access firms peer review report ratings.

The Facilitated State Board Access web tool allows for the sharing of objective information with a state board of accountancy. Without firms providing a state board of accountancy Facilitated State Board Access, a state board of accountancy is only privy to the peer review report rating. The proposed amendment would require all California-licensed accounting firms who undergo a peer review to opt in to sharing of their data using a peer review program provider's web tool, such as American Institute of CPAs' Facilitated State Board Access. This will provide the CBA with additional information useful for the monitoring of the peer review program.

ISSUE 6: ACCOUNTING FIRMS WITH OWNERSHIP COMPRISED SOLELY OF LICENSEES WHO ARE NOT AUTHORIZED TO SIGN ATTEST ENGAGEMENTS

ADD BUSINESS AND PROFESSIONS CODE 5062.3 AND 5062.4

In January 2020, the CBA moved to pursue statutory changes to require accounting firms providing attest services where the licensee owners have not completed the attest experience requirement to:

- Require ownership take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.
- Require accounting firms to make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm for purposes of any investigation conducted by the CBA.

In March 2022, the CBA formed a taskforce, titled the Consideration of the CPA Experience Requirements Taskforce (CERT), to evaluate the present attest experience requirement necessity. It was necessary for CERT to complete its review of the present experience requirement before next steps could be completed for the proposed statutory language regarding accounting firms providing attest services where the licensee owners have not completed the attest experience requirement. CERT concluded its work in January 2023 and made several recommendations which the CBA adopted. CERT determined that the current attest experience requirement is necessary and sufficient for the protection of consumers by ensuring only qualified licensees practice public accountancy in accordance with professional standards. Additionally, CERT recommended that the CBA increase professional responsibility through enforcement actions.

The CBA is proposing new statutory language to address issues associated with accounting firms providing attest services with ownership comprised solely of licensees who are not authorized to sign reports on attest engagements, and to increase professional responsibility for the ownership.

Business and Professions Code section 5062.3 will require that for the purposes of an investigation being conducted by the CBA, the ownership of the accounting firm take the same responsibilities as accounting firms or as if they were the licensees who performed the engagement.

Business and Professions Code section 5062.4 will require that for the purposes of an investigation being conducted by the CBA, the accounting firm shall make available the working papers to the licensee who signed the report on the attest engagement should the licensee no longer be employed with the accounting firm.

SECTION 12

ATTACHMENTS

Attachment A—[CBA Guidelines and Procedures Manual](#)

Attachment B—[Committee Roster](#)

Attachment C—[CBA 2022–2024 Strategic Plan](#)

Attachment D—[Organizational Chart](#)

Attachment E—DCA's quarterly and annual report that contains enforcement-related performance measures for the CBA:

Note: DCA ceased publishing quarterly reports with enforcement-related data to their website with the issuance of the December 2017 report. DCA now provides quarterly information on its website through an interactive spreadsheet that contains information on all enforcement-related performance measures. This spreadsheet can be located at www.dca.ca.gov/data/enforcement.shtml.

DCA Annual Reports

[Fiscal Year 2021–2022 \(see pages 20–21\)](#)

[Fiscal Year 2020–2021 \(see pages 13–14\)](#)

[Fiscal Year 2019–2020 \(see pages 13–14\)](#)

[Fiscal Year 2018–2019 \(see pages 14–15\)](#)

Attachment F—CBA Customer Satisfaction Surveys

Attachment G—CBA Annual Reports:

[Fiscal Year 2022–2023](#)

[Fiscal Year 2021–2022](#)

[Fiscal Year 2020–2021](#)

[Fiscal Year 2019–2020](#)

[Fiscal Year 2018–2019](#)

Attachment H—Legislative Proposal to Eliminate the Mobility Stakeholder Group

Attachment I—Legislative Proposal for Denial of a Retired Status License

Attachment J—Legislative Proposal to Eliminate Physical Mailings

Attachment K—Legislative Proposal to Update CBA References for Educational Accreditation Agencies Consistent with the Code of Federal Regulations

Attachment L—Legislative Proposal to Ensure Access to Peer Review Documentation

Attachment M—Legislative Proposal to Address Accounting Firms with Ownership Comprised Solely of Licensees Who Are Not Authorized to Sign Attest Engagements

ATTACHMENT D

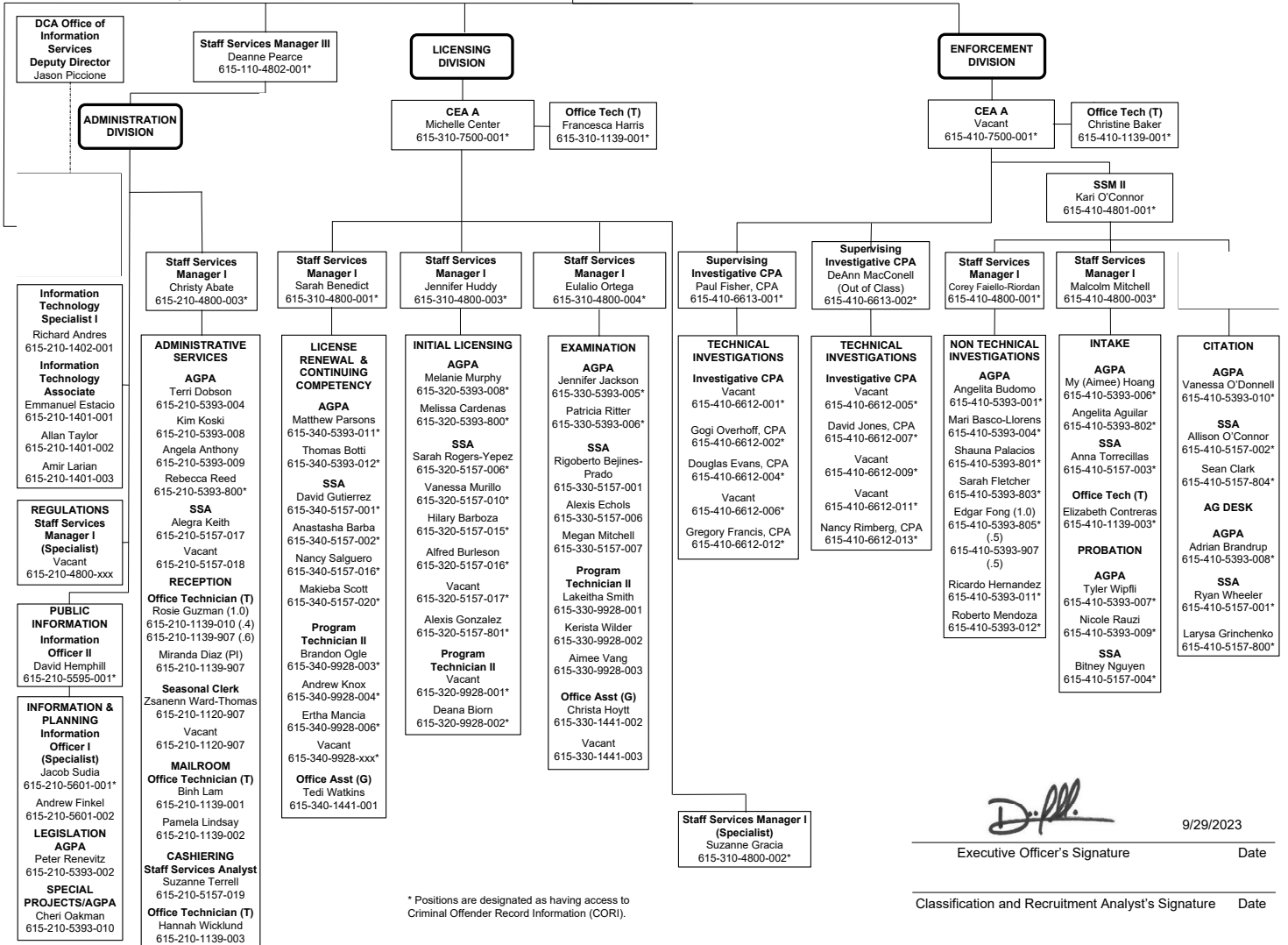
ORGANIZATIONAL CHART

DEPARTMENT OF CONSUMER AFFAIRS
California Board of Accountancy
 October 1, 2023

Executive Officer
 Dominic Franzella
 615-110-8954-001*

Office Technician (T)
 Katrina Pierce
 615-110-1139-002*

CURRENT **FY 2023-24**
 99.9 Permanent P.Y.



* Positions are designated as having access to Criminal Offender Record Information (CORI).

Executive Officer's Signature 9/29/2023
 Date

Classification and Recruitment Analyst's Signature Date

ATTACHMENT F

CBA CUSTOMER SATISFACTION SURVEYS

PROVIDE RESULTS FOR EACH QUESTION IN THE CBA'S CUSTOMER SATISFACTION SURVEY BROKEN DOWN BY FISCAL YEAR. DISCUSS THE RESULTS OF THE CUSTOMER SATISFACTION SURVEYS.

One way the CBA seeks to assess and, where appropriate, improve its customer service is from information received through two surveys: DCA's Consumer Satisfaction Survey and the CBA Stakeholder Satisfaction Survey. The CBA Stakeholder Satisfaction Survey covers all services provided by CBA staff. The DCA Consumer Satisfaction Survey focuses solely on enforcement activities and addresses consumer satisfaction after the conclusion of a complaint.

The surveys help the CBA gain insight and recommendations to improve operations throughout the CBA. The CBA carefully reviews all comments and suggestions received and makes a concerted effort to continually improve its programs based on respondents' feedback.

CBA Stakeholder Satisfaction Survey

The CBA prides itself on providing the highest level of customer service possible and measures satisfaction throughout all CBA operations, regardless of what program is contacted or the magnitude of the question or comment posed. The CBA strives to deliver exceptional customer service to all stakeholders—consumers, licensees, and applicants—and the topic of customer service is one of seven goals included in the CBA's Strategic Plan.

The CBA believes providing consistent high-level customer service is essential to ensuring that its consumer-protection mission is met. A foundational understanding of customer service is paramount in the day-to-day operations of the CBA.

Through the CBA Stakeholder Satisfaction Survey, any stakeholder (including consumers, licensees, and applicants) may provide feedback on their interactions with the CBA. Positive comments received were generally complimentary of the helpfulness and professionalism of the CBA's staff, and mainly focused on the quality and speed of the services received. These positive comments are regularly shared with CBA staff to promote a positive working environment and to show appreciation for a job well done.

An effort was begun in 2021 to increase interaction with the CBA Stakeholder Satisfaction Survey, as the number of responses had been dropping for several years. This campaign resulted in a large spike in total responses from fiscal year 2021–22 to 2022–23 of more than five times the previous year. Having such a higher volume of feedback coming in, whether prompted answers or written comments, gave the CBA an even better measure of the thoughts and opinions of its stakeholders. Many tangible ideas which led to operational improvements sprouted from some of these comments, one of which will be described shortly.

Fiscal year 2022–23 saw the highest positive response to the question of staff responding to their inquiry in a timely manner. A full 71% of respondents answered that this was true. Also in 2022–23, two-thirds of respondents, or 67%, said that CBA staff was knowledgeable when answering their inquiries, the highest since the previous Sunset Review.

Numbers did decline, however, for overall satisfaction, and how stakeholders felt about how information was presented on the website. Satisfaction with CBA service reached a low in fiscal year 2020–21, which can largely be attributed to the challenges surrounding the global pandemic, which

had an impact on CBA operations. The metric ticked up slightly the following year, and held steady in 2022–23.

The satisfaction percentage regarding how information is organized and presented on the CBA website requires a bit of explanation. The CBA redesigned its website since the last Sunset Review, giving it a more contemporary appearance and highlighted important and heavily visited pages making them simpler to locate and navigate to. The expectation was that the CBA Stakeholder Satisfaction Survey responses about the website would begin trending more positive due to the changes made in the fall of 2022. In actuality, the result was just the opposite. The amount of website users telling the CBA they were “not satisfied” rose in fiscal year 2022–23.

A closer look at the comments attached to the unsatisfactory ratings illuminates the reason why. Earlier in 2022, the CBA launched CBA Connect, its new online license renewal platform. The functionality of entering CE in the original version

of this new platform was described as cumbersome by many licensees, with many comments to this effect shared in the CBA Stakeholder Satisfaction Survey. These licensees chose to share their frustration with a “not satisfied” answer to the question of how information is organized and prepared on the CBA website, when their disapproval really laid with one feature of CBA Connect, not the website as a whole.

Staff took these comments into consideration and developed an entirely new way to enter CE into CBA Connect, which will be detailed later in this report. The positive to be taken from this experience is that the survey behaved just as it was intended. Feedback received spurred new ideas, which culminated in an improvement to CBA operations, in this case, the CBA Connect platform. The enhancement was well received by licensees, according to their more recent comments. With the original issue now solved, the CBA expects the percentage of satisfied website users to increase in the years to come.

CBA STAKEHOLDER SATISFACTION SURVEY								
QUESTIONS	FY 2019–20		FY 2020–21		FY 2021–22		FY 2022–23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
WHICH OF THE FOLLOWING BEST DESCRIBES YOU?								
CPA Exam Candidate	30	21%	14	14%	0	0%	84	24%
CPA Licensure Applicant	27	19%	34	34%	0	0%	61	18%
California-Licensed CPA	65	47%	36	36%	36	59%	170	49%
CPA Licensed Outside California	7	5%	1	1%	4	7%	2	1%
Consumer	5	4%	8	8%	11	18%	8	2%
Other	5	4%	7	7%	10	16%	22	6%
TOTAL	139	100%	100	100%	61	100%	347	100%
BY WHICH METHOD DID YOU COMMUNICATE WITH THE CBA?								
Telephone	28	26%	2	2%	13	26%	30	9%
Email	58	54%	36	46%	23	46%	254	73%
Mail	5	4%	3	4%	6	12%	24	7%
Social Media	0	0%	13	17%	2	4%	3	1%
Other	17	16%	24	31%	6	12%	36	10%
TOTAL	108	100%	78	100%	50	100%	347	100%

CBA STAKEHOLDER SATISFACTION SURVEY								
QUESTIONS	FY 2019–20		FY 2020–21		FY 2021–22		FY 2022–23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
WHEN CONTACTING THE CBA BY EMAIL, WERE YOU SATISFIED WITH STAFF’S ABILITY TO ANSWER YOUR QUESTION(S)?								
Examination Unit	32	23%	13	13%	0	0%	87	25%
Initial Licensing Unit	33	24%	37	38%	1	2%	61	18%
License Renewal & Continuing Competency Unit	38	28%	20	21%	15	24%	133	38%
Practice Privilege Unit	1	1%	0	0%	1	2%	1	0%
Enforcement Unit	12	9%	9	9%	17	28%	10	3%
Administration Unit	9	6%	2	2%	11	18%	4	1%
Social Media Team	0	0%	0	0%	0	0%	2	1%
Other	13	9%	17	17%	16	26%	49	14%
TOTAL	138	100%	98	100%	61	100%	347	100%
CBA STAFF RESPONDED TO MY INQUIRY IN A TIMELY MANNER.								
True	74	65%	44	54%	33	66%	214	71%
False	29	26%	32	40%	10	20%	88	29%
Not Applicable	10	9%	5	6%	7	14%	0	0%
TOTAL	113	100%	81	100%	50	100%	302	100%
CBA STAFF WAS KNOWLEDGEABLE IN ANSWERING MY QUESTION.								
True	71	63%	48	59%	24	48%	200	67%
False	32	28%	29	35%	17	34%	97	33%
Not Applicable	10	9%	5	6%	9	18%	0	0%
TOTAL	113	100%	82	100%	50	100%	297	100%
HOW SATISFIED ARE YOU WITH HOW INFORMATION IS ORGANIZED/PRESENTED ON THE CBA WEBSITE?								
Very Satisfied	34	30%	29	35%	12	25%	89	28%
Satisfied	40	35%	20	24%	17	36%	78	25%
Not Satisfied	27	24%	28	34%	14	29%	140	44%
Haven't Used Website	12	11%	6	7%	5	10%	10	3%
TOTAL	113	100%	83	100%	48	100%	317	100%
OVERALL, HOW SATISFIED WERE YOU WITH THE SERVICE YOU RECEIVED FROM THE CBA?								
Very Satisfied	51	47%	30	39%	20	45%	105	36%
Satisfied	19	17%	14	18%	6	13%	64	22%
Not Satisfied	36	33%	29	38%	17	38%	122	42%
Not Applicable	3	3%	4	5%	2	4%	0	0%
TOTAL	109	100%	77	100%	45	100%	291	100%
OVERALL, HOW SATISFIED WERE YOU WITH THE SERVICE YOU RECEIVED FROM CBA STAFF?								
Very Satisfied	57	50%	36	43%	12	37%	This question no longer asked; it is redundant with the prior questions.	
Satisfied	18	16%	16	19%	5	16%		
Not Satisfied	30	27%	28	33%	8	25%		
Not Applicable	8	7%	4	5%	7	22%		
TOTAL	113	100%	84	100%	32	100%		

DCA Consumer Satisfaction Survey

The Consumer Satisfaction Survey is a DCA-developed and -managed survey used to measure satisfaction among consumers who file a complaint with a board or bureau.

Since the prior Sunset Review, satisfaction numbers have held fairly even, with the exception of a downturn in some metrics in fiscal year 2021–22.

The DCA Consumer Satisfaction Survey is only focused on the CBA's Enforcement Program, and therefore does not speak to other areas of the CBA's operations. In addition, this survey is only directed at individuals who filed a complaint or had a case opened against them by the CBA. Due to its narrow focus, this survey receives a small number of responses from a limited portion of the CBA's stakeholder population. Further, the hard-copy format and regular mail distribution of the survey likely contributes to the low response rates.

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY									
QUESTIONS	FY 2019–20		FY 2020–21		FY 2021–22		FY 2022–23		
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total	
HOW WELL DID WE EXPLAIN THE COMPLAINT PROCESS TO YOU?									
Very Good	0	0%	0	0%	0	0%	3	60%	
Good	2	33%	1	17%	1	50%	1	20%	
Poor	2	33%	3	50%	1	50%	0	0%	
Very Poor	2	33%	2	33%	0	0%	1	20%	
TOTAL	6	100%	6	100%	2	100%	5	100%	
HOW CLEARLY WAS THE OUTCOME OF YOUR COMPLAINT EXPLAINED TO YOU?									
Very Good	0	0%	0	0%	0	0%	2	40%	
Good	0	0%	1	17%	1	50%	1	20%	
Poor	2	33%	2	33%	0	0%	1	20%	
Very Poor	4	67%	3	50%	1	50%	1	20%	
TOTAL	6	100%	6	100%	2	100%	5	100%	
HOW WELL DID WE MEET THE TIMEFRAME PROVIDED TO YOU?									
Very Good	0	0%	0	0%	0	0%	2	40%	
Good	2	33%	1	17%	1	50%	1	20%	
Poor	3	50%	1	17%	0	0%	1	20%	
Very Poor	1	17%	4	66%	1	50%	1	20%	
TOTAL	6	100%	6	100%	2	100%	5	100%	

CALIFORNIA DEPARTMENT OF CONSUMER AFFAIRS CONSUMER SATISFACTION SURVEY

QUESTIONS	FY 2019–20		FY 2020–21		FY 2021–22		FY 2022–23	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
HOW COURTEOUS AND HELPFUL WAS STAFF?								
Very Good	0	0%	0	0%	1	50%	3	60%
Good	2	50%	1	17%	0	0%	1	20%
Poor	1	25%	0	0%	0	0%	0	0%
Very Poor	1	25%	5	83%	1	50%	1	20%
TOTAL	4	100%	6	100%	2	100%	5	100%
OVERALL, HOW WELL DID WE HANDLE YOUR COMPLAINT?								
Very Good	0	0%	0	0%	0	0%	2	40%
Good	0	0%	0	0%	1	50%	1	20%
Poor	1	17%	3	50%	0	0%	1	20%
Very Poor	5	83%	3	50%	1	50%	1	20%
TOTAL	6	100%	6	100%	2	100%	5	100%
IF WE WERE UNABLE TO ASSIST YOU, WERE ALTERNATIVES PROVIDED TO YOU?								
Yes	1	17%	2	50%	1	50%	1	50%
No	5	83%	2	50%	1	50%	1	50%
Not Applicable	0	0%	0	0%	0	0%	0	0%
TOTAL	6	100%	4	100%	2	100%	2	100%
DID YOU VERIFY THE PROVIDER'S LICENSE PRIOR TO SERVICE?								
Yes	5	83%	5	83%	1	50%	2	50%
No	0	0%	1	17%	1	50%	1	25%
Not Applicable	1	17%	0	0%	0	0%	1	25%
TOTAL	6	100%	6	100%	2	100%	4	100%

ATTACHMENT H

BUSINESS AND PROFESSIONS CODE SECTION 5096.21 ELIMINATION OF THE MOBILITY STAKEHOLDER GROUP PROPOSED AMENDMENTS

5096.21

(a) (1) On and after January 1, 2016, if the board determines, through a majority vote of the board at a regularly scheduled meeting, that allowing individuals from a particular state to practice in this state pursuant to a practice privilege as described in Section 5096, violates the board's duty to protect the public, pursuant to Section 5000.1, the board shall require out-of-state individuals licensed from that state, as a condition to exercising a practice privilege in this state, to file the notification form and pay the applicable fees as required by Section 5096.22.

(2) A state for which the board has made a determination pursuant to paragraph (1) to require individuals licensed from that state to file a notification form and pay the applicable fees may subsequently be redetermined by the board, by majority vote of the board at a regularly scheduled meeting, to allow individuals from that state to practice in this state pursuant to a practice privilege as described in Section 5096.

(b) The board shall, at minimum, consider the following factors when making a determination or redetermination pursuant to subdivision (a):

(1) Whether the state timely and adequately addresses enforcement referrals made by the board to the accountancy regulatory board of that state, or otherwise fails to respond to requests the board deems necessary to meet its obligations under this article.

(2) Whether the state makes the disciplinary history of its licensees publicly available through the internet in a manner that allows the board to adequately

link consumers to an internet website to obtain information that was previously made available to consumers about individuals from the state prior to January 1, 2013, through the notification form.

(3) Whether the state imposes discipline against licensees that is appropriate in light of the nature of the alleged misconduct.

(4) Whether the state has in place and is operating pursuant to enforcement practices substantially equivalent to the current best practices guidelines adopted by the National Association of State Boards of Accountancy provided those guidelines have been determined by the board to meet or exceed the board's own enforcement practices.

~~(c) On or before July 1, 2014, the board shall convene a stakeholder group consisting of members of the board, board enforcement staff, and representatives of the accounting profession and consumer representatives to consider whether the provisions of this article are consistent with the board's duty to protect the public consistent with Section 5000.1, and whether the provisions of this article satisfy the objectives of stakeholders of the accounting profession in this state, including consumers. The group, at its first meeting, shall adopt policies and procedures relative to how it will conduct its business, including, but not limited to, policies and procedures addressing periodic reporting of its findings to the board. The group shall provide recommendations to the board on any matter upon which it is authorized to act.~~

(Amended by Stats. 2018, Ch. 447, Sec. 26. (SB 795) Effective January 1, 2019.)

ATTACHMENT I

BUSINESS AND PROFESSIONS CODE SECTION 5070.1 DENIAL OF RETIRED STATUS LICENSE

5070.1

(a) The board may establish, by regulation, a system for the placement of a license into a retired status, upon application, for certified public accountants and public accountants who are not actively engaged in the practice of public accountancy or any activity that requires them to be licensed by the board.

(b) No licensee with a license in a retired status shall engage in any activity for which a permit is required.

(c) The board shall deny an applicant's application to place a license in a retired status if the permit is subject to an outstanding order of the board, is suspended, revoked, or ~~otherwise punitively restricted by the board~~, or is subject to disciplinary action under this chapter.

(1) For purposes of subdivision (c), a permanent restricted practice order shall not be considered an outstanding order of the board for the purpose of determining if a license qualifies to be placed in retired status. The licensee shall have completed probation as part of any original disciplinary order.

(2) If a license is subject to a permanent restricted practice order at the time the board approves the license to be placed in a retired status, the permanent restricted practice order shall be reinstated if the license is restored from retired status to an active status. Such permanent restricted practice order shall remain in effect until such time as the CBA modifies or terminates the permanent restricted practice order.

(d) (1) The holder of a license that was canceled pursuant to Section 5070.7 may apply for the placement of that license in a retired status pursuant to subdivision (a).

(2) Upon approval of an application made pursuant to paragraph (1), the board shall reissue that license in a retired status.

(3) The holder of a canceled license that was placed in retired status between January 1, 1994, and January 1, 1999, inclusive, shall not be required to meet the qualifications established pursuant to subdivision (e), but shall be subject to all other requirements of this section.

(e) The board shall establish minimum qualifications to place a license in retired status.

(f) The board may exempt the holder of a license in a retired status from the renewal requirements described in Section 5070.5.

(g) The board shall establish minimum qualifications for the restoration of a license in a retired status to an active status. These minimum qualifications shall include, but are not limited to, continuing education and payment of a fee as provided in subdivision (h) of Section 5134.

(h) The board shall not restore to active or inactive status a license that was canceled by operation of law, pursuant to subdivision (a) of Section 5070.7, and then placed into retired status pursuant to subdivision (d). The individual shall instead apply for a new license, as described in subdivision (c) of Section 5070.7, in order to restore the individual's license.

(i) At the time of application, if the applicant has a valid email address, the applicant shall provide that email address to the board.

(Amended by Stats. 2019, Ch. 359, Sec. 6. (AB 1521) Effective January 1, 2020.)

ATTACHMENT J

BUSINESS AND PROFESSIONS CODE SECTION 5018 PROFESSIONAL CONDUCT STANDARDS: MAILINGS. PROPOSED AMENDMENTS

5018.

The board may by regulation, prescribe, amend, or repeal rules of professional conduct appropriate to the establishment and maintenance of a high standard of integrity and dignity in the profession. In addition to the requirements contained in Chapter 4 (commencing with Section 11370) of Part 1 of Division 3 of Title 2 of the Government Code, a copy of the rules shall be ~~mailed~~ provided to every

holder of a license under this chapter at least 30 days prior to a date named for a public hearing held for the purpose of receiving and considering objections to any of the proposed provisions. Every licensee of the California Board of Accountancy in this state shall be governed and controlled by the rules and standards adopted by the board.

(Amended by Stats. 2000, Ch. 1055, Sec. 3. Effective September 30, 2000.)

BUSINESS AND PROFESSIONS CODE SECTION 5093 CERTIFICATES, INFORMATION AND RECORDS: TRANSMISSION PROPOSED AMENDMENTS

5093.

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a degree-granting university, college, or other institution of learning accredited by a regional or national accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the federal Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of Section 5094. The

total educational program shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(A) An applicant enrolled in a program at an institution as described in this paragraph that grants conferral of a baccalaureate degree upon completion of the 150 semester units required by paragraph (2) of this subdivision may satisfy the requirements of this paragraph if the applicant's institution sends electronically or mails provides in a sealed envelope, the applicant's official transcript or its equivalent together or separately with a letter signed by the institution's registrar, or its equivalent, ~~directly to the board~~ pursuant to subdivision (c) of Section 5094.

The letter shall include all of the following:

(i) A statement that the applicant is enrolled and in good standing in a program that will result in the conferral of a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(ii) A statement that the applicant has completed all requirements, including general education and elective requirements, for a baccalaureate degree and the only reason the college or university has yet to confer the degree is because the applicant is enrolled in a program that confers a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(iii) The date on which the applicant met all of the college's or university's requirements for conferral of a baccalaureate degree.

(B) The total educational program for an applicant described in subparagraph (A) shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education, including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects, 24 semester units in business-related subjects, and, after December 31, 2013, shall also include a minimum of 10 units of ethics study consistent with the requirements set forth in Section 5094.3 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. This evidence shall be presented at the time of application for the certified public accountant license. Nothing in this paragraph

shall be deemed inconsistent with Section 5094 or 5094.6. Nothing in this paragraph shall be construed to be inconsistent with prevailing academic practice regarding the completion of units.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) (1) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

(2) To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

(3) Notwithstanding paragraph (2), the board may, by regulation, allow experience in academia to be qualifying under this section.

(e) Applicants completing education at a college or university located outside of this state, meeting, at a minimum, the standards described in Section 5094, shall be deemed to meet the educational requirements of this section if the board determines that the education is substantially equivalent to the standards of education specified under this chapter.

(f) An applicant who has successfully passed the examination requirement specified under Section 5082 on or before December 31, 2013, may qualify for the certified public accountant license without satisfying the 10 semester units of study set forth in Section 5094.3 or 20 semester units of accounting study consistent with the regulations promulgated under Section 5094.6, if the applicant completes all other requirements for the issuance of a license on or before December 31, 2015.

(Amended by Stats. 2014, Ch. 400, Sec. 5. (SB 1467) Effective January 1, 2015.)

ATTACHMENT K

BUSINESS AND PROFESSIONS CODE SECTION 5093 AND 5094—UPDATE REFERENCES FOR EDUCATIONAL ACCREDITATION AGENCIES CONSISTENT WITH THE CODE OF FEDERAL REGULATIONS. PROPOSED AMENDMENTS

5093.

(a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) (1) An applicant for admission to the certified public accountant examination under this section shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a degree-granting university, college, or other institution of learning accredited by ~~an a regional or national~~ accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the federal Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.), or meeting, at a minimum, the standards described in subdivision (c) of Section 5094. The total educational program shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(A) An applicant enrolled in a program at an institution as described in this paragraph that grants conferral of a baccalaureate degree upon completion

of the 150 semester units required by paragraph (2) of this subdivision may satisfy the requirements of this paragraph if the applicant's institution mails the applicant's official transcript or its equivalent together or separately with a letter signed by the institution's registrar, or its equivalent, directly to the board pursuant to subdivision (c) of Section 5094. The letter shall include all of the following:

(i) A statement that the applicant is enrolled and in good standing in a program that will result in the conferral of a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(ii) A statement that the applicant has completed all requirements, including general education and elective requirements, for a baccalaureate degree and the only reason the college or university has yet to confer the degree is because the applicant is enrolled in a program that confers a baccalaureate degree upon completion of either a master's degree or the 150 semester units required by paragraph (2) of this subdivision.

(iii) The date on which the applicant met all of the college's or university's requirements for conferral of a baccalaureate degree.

(B) The total educational program for an applicant described in subparagraph (A) shall include a minimum of 24 semester units in accounting subjects and 24 semester units in business-related subjects. This evidence shall be provided at the time of application for admission to the examination, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for

the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(2) An applicant for issuance of the certified public accountant license under this section shall present satisfactory evidence that the applicant has completed at least 150 semester units of college education, including a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects, 24 semester units in business-related subjects, and, after December 31, 2013, shall also include a minimum of 10 units of ethics study consistent with the requirements set forth in Section 5094.3 and 20 units of accounting study consistent with the regulations promulgated under subdivision (c) of Section 5094.6. This evidence shall be presented at the time of application for the certified public accountant license. Nothing in this paragraph shall be deemed inconsistent with Section 5094 or 5094.6. Nothing in this paragraph shall be construed to be inconsistent with prevailing academic practice regarding the completion of units.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board.

(d) (1) The applicant shall show, to the satisfaction of the board, that the applicant has had one year of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills.

(2) To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

(3) Notwithstanding paragraph (2), the board may, by regulation, allow experience in academia to be qualifying under this section.

(e) Applicants completing education at a college or university located outside of this state, meeting, at a minimum, the standards described in Section 5094, shall be deemed to meet the educational requirements of this section if the board determines that the education is substantially equivalent to the standards of education specified under this chapter.

(f) An applicant who has successfully passed the examination requirement specified under Section 5082 on or before December 31, 2013, may qualify for the certified public accountant license without satisfying the 10 semester units of study set forth in Section 5094.3 or 20 semester units of accounting study consistent with the regulations promulgated under Section 5094.6, if the applicant completes all other requirements for the issuance of a license on or before December 31, 2015.

(Amended by Stats. 2014, Ch. 400, Sec. 5. (SB 1467) Effective January 1, 2015.)

5094.

(a) In order for education to be qualifying, it shall meet the standards described in subdivision (b) or (c) of this section.

(b) At a minimum, education shall be from a degree-granting university, college, or other institution of learning accredited by ~~an a regional or national~~ accrediting agency included in a list of these agencies published by the United States Secretary of Education under the requirements of the Higher Education Act of 1965 as amended (20 U.S.C. Sec. 1001 et seq.).

(c) Education from a college, university, or other institution of learning located outside the United States may be qualifying provided it is deemed by the board to be equivalent to education obtained under subdivision (b). The board may require an applicant to submit documentation of their education to a credential evaluation service approved by the board for evaluation and to cause the results of this evaluation to be reported to the board in order to assess educational equivalency.

(d) The board shall adopt regulations specifying the criteria and procedures for approval of credential evaluation services. These regulations shall, at a minimum, require that the credential evaluation service (1) furnish evaluations directly to the board, (2) furnish evaluations written in English, (3) be a member of the American Association of Collegiate Registrars and Admissions Officers, NAFSA: Association of International Educators, or the National Association of Credential Evaluation Services, (4) be used by accredited colleges and universities, (5) be reevaluated by the board every five years, (6) maintain a complete set of reference materials as specified by the board, (7) base evaluations only upon authentic, original transcripts and degrees and have a written procedure for identifying fraudulent transcripts, (8) include in the evaluation report, for each degree held by the applicant, the equivalent degree offered in the United States, the date the degree was granted, the institution granting the degree, an English translation of the course titles, and the semester unit equivalence for each of the courses, (9) have an appeal procedure for applicants, and (10) furnish the board with information concerning the credential evaluation service that includes biographical information on evaluators and translators, three letters of references from public or private agencies, statistical information on the number of applications processed annually for the past five years, and any additional information the board may require in order to ascertain that the credential evaluation service meets the standards set forth in this subdivision and in any regulations adopted by the board.

*(Amended by Stats. 2017, Ch. 573, Sec. 26. (SB 800)
Effective January 1, 2018.)*

ATTACHMENT L

BUSINESS AND PROFESSIONS CODE SECTION 5076— ENSURE ACCESS TO PEER REVIEW DOCUMENTATION PROPOSED AMENDMENTS

(a) In order to renew its registration in an active status or convert to an active status, a firm, as defined in Section 5035.1, shall have a peer review report of its accounting and auditing practice accepted by a board-recognized peer review program no less frequently than every three years.

(b) For purposes of this article, the following definitions apply:

(1) "Peer review" means a study, appraisal, or review conducted in accordance with professional standards of the professional work of a firm, and may include an evaluation of other factors in accordance with the requirements specified by the board in regulations. The peer review report shall be issued by an individual who has a valid and current license, certificate, or permit to practice public accountancy from this state or another state and is unaffiliated with the firm being reviewed.

(2) "Accounting and auditing practice" includes any services that were performed in the prior three years using professional standards defined by the board in regulations.

(c) The board shall adopt regulations as necessary to implement, interpret, and make specific the peer review requirements in this section, including, but not limited to, regulations specifying the requirements for board recognition of a peer review program, standards for administering a peer review, extensions of time for fulfilling the peer review requirement, exclusions from the peer review program, and document submission.

(d) Nothing in this section shall prohibit the board from initiating an investigation and imposing discipline against a firm or licensee, either as the result of a complaint that alleges violations of statutes, rules, or regulations, or from information contained in a peer review report received by the board.

(e) A firm issued a peer reviewed report with a rating of "fail," as defined by the board in regulation, shall submit a copy of that report to the board. The board shall establish in regulation the time period that a firm must submit the report to the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is submitted to the board.

(f) (1) A board-recognized peer review program provider shall file a copy with the board of all peer review reports issued to California-licensed firms with a rating of "fail." The board shall establish in regulation the time period that a board-recognized peer review program provider shall file the report with the board. This period shall not exceed 60 days from the time the report is accepted by a board-recognized peer review program provider to the date the report is filed with the board. These reports may be filed with the board electronically.

(2) Nothing in this subdivision shall require a board-recognized peer review program provider, when administering peer reviews in another state, to violate the laws of that state.

(g) The board shall define a peer review report rating of "fail" in regulation.

(h) Any requirements imposed by a board-recognized peer review program on a firm in conjunction with the completion of a peer review shall be separate from, and in addition to, any action by the board pursuant to this section.

(i) Any peer review report with a rating of "fail" submitted to the board in conjunction with this section shall be collected for investigatory purposes.

(j) Nothing in this section affects the discovery or admissibility of evidence in a civil or criminal action.

(k) Nothing in this section requires any firm to become a member of any professional organization.

(l) A peer reviewer shall not disclose information concerning licensees or their clients obtained during a peer review, unless specifically authorized pursuant to this section, Section 5076.1, or regulations prescribed by the board.

(m) A board-recognized peer review program provider shall utilize a secure web-based application, such as Facilitated State Board Access, to provide the board peer review-related documents and data, including peer review reports, peer review status, and correspondence between the administering entity and the firm.

(1) Firms shall authorize the board access to the secure web-based application provided by the board-recognized peer review provider.

*(Amended by Stats. 2012, Ch. 661, Sec. 5. (SB 1576)
Effective January 1, 2013.)*

ATTACHMENT M

BUSINESS AND PROFESSIONS CODE SECTION 5062.3 AND 5062.4— ACCOUNTING FIRMS WITH OWNERSHIP COMPRISED SOLELY OF LICENSEES WHO ARE NOT AUTHORIZED TO SIGN ATTEST ENGAGEMENTS PROPOSED AMENDMENTS

5062.3

For the purposes of any investigation conducted by the Board, accounting firms providing attestation services where none of the licensee owners are authorized to sign attest engagements, the accounting firm ownership shall have the same responsibilities imposed as the licensee(s) who performed the engagement.

5062.4

Upon request from the Board, for purposes of conducting an investigation, an accounting firm shall make all working papers available to the licensee who signed the report on the attest engagement, if the licensee is no longer employed with the accounting firm. The licensee shall return the working papers at the direction of the Board and keep no copies.



CALIFORNIA DEPARTMENT OF
CONSUMER
AFFAIRS

CALIFORNIA BOARD OF ACCOUNTANCY
2450 Venture Oaks Way, Suite 300
Sacramento, CA 95833
www.cba.ca.gov