

CALIFORNIA BOARD OF ACCOUNTANCY

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Protection of the public shall be the highest priority for the California Board of Accountancy in exercising its licensing, regulatory, and disciplinary functions. Whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount.

— Business and Professions Code § 5000.1

The California Board of Accountancy (CBA) licenses, regulates, and disciplines certified public accountants (CPAs) and public accounting firms and corporations. The Board also regulates existing members of an additional classification of licensees called public accountants (PAs). The 1945 Accountancy Act granted the PA license only during a short period after World War II, with the last PA license issued in 1968.

CBA currently regulates over 107,000 individuals, corporations, and partnerships. It establishes and maintains standards of qualification and conduct within the accounting profession, primarily through its power to license. CBA's enabling act, the Accountancy Act, is found in the Business and Professions Code section 5000 et seq.; its regulations appear in Division 1, Title 16 of the California Code of Regulations (CCR).

CBA is a consumer protection agency located within the Department of Consumer Affairs (DCA). The Board consists of 15 members: seven CBA licensees and eight public members. Each Board member serves a four-year term.

The Board's staff administers and processes the nationally standardized Uniform CPA Examination, currently, a four-part computerized exam encompassing the subjects of auditing and attestation; business law and professional responsibilities; regulation (including taxation, managerial accounting, and accounting for governmental and not-for-profit organizations); and

financial accounting and reporting (business enterprises). In order to be licensed, an applicant must complete 150 hours of college-level education, including substantial units in accounting, business-related subjects and ethics; complete twelve months of general accounting experience; and successfully pass all parts of the Uniform CPA Exam.

The operations of the Board are conducted through various advisory committees and, for specific projects, task forces that sunset at project completion. The Board's major advisory committees, which are legislatively established, include the following:

- The Qualifications Committee (QC), authorized in Business and Professions Code section 5023, consists of non-Board member CPAs who review applicants' experience to determine whether the applicants' experience complies with the requirements in Business and Professions Code section 5093 and section 12, Title 16 of the CCR.
- The Enforcement Advisory Committee (EAC), authorized in Business and Professions Code section 5020, consists of up to 13 non-Board member CPAs who provide technical assistance to the Board's enforcement program by conducting investigations or hearings against licensees, and making recommendations to the enforcement program and the Executive Officer.
- The Peer Review Oversight Committee (PROC), created in Business and Professions Code section 5076.1, consists of up to seven CPAs appointed by the Board and oversees the Board's peer review requirement that is mandatory for licensees who perform attest engagements. The PROC is responsible for ensuring that peer review providers administer peer reviews in accordance with the standards set forth in section 48, Title 16 of the CCR.
- On March 16, 2022, CBA [announced](#) it formed the CPA Experience Requirement Taskforce (CERT) to study and advise whether the attest experience requirement for CPA

licensure is necessary and sufficient to support the CBA’s consumer protection mandate.

The taskforce held its first [meeting](#) on March 30, 2022.

There are two vacancies on the Board at this writing, one public member and one licensee member. At its November 19, 2021 [meeting](#) [Agenda Item XVII.A.-C. ([recording](#))], CBA elected Michael M. Savoy, CPA, as President; Mark J. Silverman, Esq. as Vice-President; and Katrina Salazar, CPA, as the Secretary/Treasurer.

HIGHLIGHTS

Board Finalizes Rulemaking Package Regarding the Definition of Satisfactory Evidence of Educational Requirements

At its January 21, 2022, [meeting](#) [Agenda item XI.A.], CBA considered the public comments received regarding its proposed [amendments](#) to section 2.8, Title 16 of the CCR to streamline the Board’s process for receiving evidence of educational requirements from applicants for licensure. The CBA published [notice](#) of its intent to amend this section on November 12, 2021. [\[27:1 CRLR 134\]](#) According to the [initial statement of reasons](#), the proposed revisions would provide added flexibility in how educational documentation can be submitted for admission to the CPA Exam or to obtain a CPA license, and potentially decrease the Board’s timeframe for processing licensure applications.

The proposed amendments will allow applicants to obtain and submit certified transcripts directly to the CBA with their applications. It will also eliminate steps requiring educational institutions to print and mail transcripts to CBA and further allow CBA’s application system to pair transcripts with individual applications quickly.

The 45-day public comment period for this rulemaking action ended on December 28, 2021, and a public hearing was held on the same day. At its January 21, 2022 meeting, the Board considered one written public comment received. According to the meeting materials [[Attachment 4](#)], the comment requested that the provision dismiss “any and all foreign education credits, certificates, diplomas, and the like from the agenda for inclusion as passable . . . accounting preparation work” The Board rejected the comment because it was outside of the proposal’s scope, which relates to the method and form in which the CBA will accept documentation of educational qualifications.

During the meeting, a board member suggested that the regulatory language specify the envelope must be sealed by the educational institution. The Board voted to reject the specification because they believed the clarification would add unnecessary language to the regulation, and that people would understand the regulatory language without it.

Ultimately, the Board voted to adopt the proposed amendments as written without modification and authorized staff to prepare the final rulemaking package. At this writing, the proposal is pending Office of Administrative Law (OAL) approval.

Board Takes Oppose Unless Amended Position on AB 646 Relating to Disclosures of Expunged Convictions

[AB 646 \(Low\)](#), as amended January 24, 2022, is a two-year bill that would add section 493.5 to the Business and Professions Code to require a licensing board under DCA, including CBA, to update information on its online search system regarding licensees who had their licenses revoked due to criminal convictions that are subsequently expunged. Specifically, if a DCA board is provided a certified copy of an expungement order pursuant to section 1203.4 of the Penal Code

pertaining to a criminal offense that led to the revocation of a license, the Board must either post notification of the expungement order on its website if the person reapplies for licensure or is relicensed, or remove the initial posting on its website that the person’s license was revoked.

At CBA’s March 24, 2022 [meeting](#), staff pointed out a number of concerns with the bill as written and recommended that the Board take an “oppose, unless amended” position on the bill. According to the [staff memo](#), CBA staff has reached out to the author’s office to assess their willingness to clarify that the actions of the Board only apply in situations where all criminal convictions associated with the revocation are expunged; and a revocation that includes both criminal and non-criminal violations be excluded from the requirements of AB 646. Several board members requested CBA adopt a “support, if amended” position because the author’s office was willing to work with them on amending the bill to include their concerns. They also clarified that they have no policy concerns with the bill, but are concerned with the implementation procedures attached to items within the bill. Ultimately, the Board voted to maintain an “oppose, unless amended” position as recommended by staff.

Staff reported that the author’s office has requested that CBA staff compile their proposed amendments and concerns for their review, which may not occur until June. AB 646 is currently pending in the Senate Rules Committee, awaiting its referral to a policy committee.

MAJOR PUBLICATIONS

The following reports have been published by or about CBA during this reporting period:

- [*Fall 2021 Update Newsletter Issue 94*](#), California Board of Accountancy (provides an overview of CBA’s law and regulation changes, CBA and Committee meetings, new CBA

programs, and topical information about enforcement, examination, licensure and continuing education issues).

- [Spring 2022 Update Newsletter Issue 95](#), California Board of Accountancy, Spring 2022 (provides an overview of CBA’s law and regulation changes, CBA and Committee meetings, new CBA programs, and topical information about enforcement, examination, licensure and continuing education issues).

- [Annual Report – Fiscal Year 2020–2021](#), California Board of Accountancy, Fiscal Year 2021–2022 (provides an overview of CBA’s budget, outreach, enforcement, licensing activities, regulations, supported the legislation, and information technology from the fiscal year ending June 30, 2021).

RULEMAKING

The following is a status update on recent rulemaking proceedings that CBA has initiated:

- **Practice Privilege Notification Form:** On February 24, 2022, OAL [approved](#) CBA’s proposed additions to subsection (e) to section 19, Title 16 of the CCR, which requires individuals exercising the practice privilege to submit the Practice Privilege Notification and Agreement Form to CBA and brings CBA into compliance with section 5096.22 of the Business and Professions Code. [see [27:1 CRLR 133](#)] The regulation became effective on April 1, 2022.

- **Sale, Transfer, and Discontinuance of a Licensee’s Practice:** On February 18, 2022, the Board published [notice](#) of its decision not to proceed with its proposed rulemaking action to amend sections 54.3 and 54.4, Title 16 of the CCR to protect client confidentiality in the sale, transfer, or discontinuance of a licensee’s practice. At its January 20, 2022 [meeting](#), the staff advised that they would like additional time to evaluate the public comments received and consider

possible solutions to the various issues raised. The Board voted to withdraw the rulemaking package and directed staff to work with commenters and other stakeholders in addressing the feedback received and ensure the final regulatory text provides an effective framework for the sale, transfer, or discontinuance of a licensee's practice. [*see* [27:1 CRLR 134](#)]

- **Definition of Satisfactory Evidence for Educational Requirements:** At its January 21, 2022 [meeting](#) [Agenda Item XI.A.], the Board considered public comments received and voted to finalize the rulemaking package for its proposed amendment to section 2.8, Title 16 of the CCR as initially noticed, and directed staff to take all steps necessary to complete the rulemaking file, and authorized the Executive Officer to make any non-substantive changes to the proposed regulations (see HIGHLIGHTS).

LEGISLATION

- [AB 646 \(Low\)](#), as amended on January 24, 2022, and as it applies to the CBA, would add section 493.5 to the Business and Professions Code to require the CBA to update information on its online license search system regarding licensees who have had their licenses revoked due to criminal convictions that are subsequently expunged. At its March 25, 2022, WebEx [meeting](#) [Agenda Item XV.B.3.a. ([recording](#))], CBA [voted](#) to take an oppose unless amended position on the bill (see HIGHLIGHTS). [*A. Rules*]

- [AB 1733 \(Quirk\)](#), as introduced on January 31, 2022, and as it relates to the CBA, would amend section 101.7 of the Business and Professions Code to permit state bodies to meet via teleconference, permit state bodies to participate either remotely or in-person, and require state bodies to permit members of the public to directly address the state body during a teleconference

meeting. At its March 25, 2022 [meeting](#) [Agenda Item XV.B.4.b. ([recording](#))], CBA [voted](#) to take a support position on the bill. *[A. GO & B&P]*

- [AB 1795 \(Fong\)](#), as introduced on February 7, 2022, would amend sections 11123 and 11125.7 of the Government Code to require state bodies who conduct meetings in accordance with the Bagley-Keene Open Meeting Act to permit all persons to participate in-person and remotely. The CBA requests amendments to more closely align with the provisions in the Governor’s Executive Order N-1-22 and AB 361, including the ability for a member of the state agency to be present at the physical location or participate remotely; modify the requirement that licensing boards meet at least once each calendar year in Northern and Southern California; and direction on how to proceed with a meeting if technical issues occur. At its March 25, 2022, WebEx [meeting](#) [Agenda Item XV.B.4.c. ([recording](#))], CBA [voted](#) to take support if amended position on the bill. *[A. GO]*

- [SB 1443 \(Roth\)](#), as introduced on February 18, 2022, and as it relates to CBA, would amend sections 5000 and 5015.6 of the Business and Professions Code to extend the sunset date of specified boards, bureaus and commissions within the DCA for an additional year from January 1, 2024 to January 1, 2025. This bill may assist the legislative committees that undertake the Sunset Review process by providing an additional year to complete the workload that was impacted by the condensed legislative sessions because of COVID-19. At its March 25, 2022 WebEx [meeting](#) [Agenda Item XV.B.4.e. ([recording](#))], CBA [voted](#) to take a support position on the bill. *[S. BP&ED]*