

# 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

**T**he 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 97,000 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 May 5, 2022, Governor Newsom [appointed](#) Joseph Rosenbaum as a licensee member to the Board. Rosenbaum has been President at Rosenbaum & Co. since 2011. Rosenbaum was a

Partner at Ernst & Young LLP from 1999 to 2010. He was a Partner at both PricewaterhouseCoopers LLP from 1996 to 1999 and Arthur Andersen & Co. from 1983 to 1999. He was Chair of the Enforcement Advisory Committee at the California Board of Accountancy from 2014 to 2020. Rosenbaum is a member of the California Society of CPAs.

In addition, on May 5, 2022, Governor Newsom [appointed](#) Evangeline Ward as a public member of the Board. Ward has been a Dental Hygiene Instructor at the Contra Costa Community College District – Diablo Valley College since 2015. She has been a Registered Dental Hygienist at Richard Tabor DDS since 2014. Ward was a Registered Dental Hygienist at Pinole Family Dental from 2019 to 2022 and at Compassionate Care Dental from 2011 to 2017. She earned a Master of Science degree in nutrition from Logan University.

Finally, on May 5, 2022, Governor Newsom [appointed](#) Kristian Latta as a licensee member of the Board. Latta has been an Owner and Chief Executive Officer of The Chic CPA since 2020. She was Audit Supervisor at Raimondo Pettit Group in 2021. Latta held several positions at Guess Inc. from 2018 to 2020, including SEC Senior Financial Reporting Analyst and Merchandise Planning Analyst. Latta was an Audit Senior and Staff Accountant at Raimondo Pettit Group from 2014 to 2017. Latta is a member of the California Society of Certified Public Accountants, Accountants of Color, and the Association of International Certified Professional Accountants.

There is one vacancy on the Board.

# HIGHLIGHTS

## **Board of Accountancy Proposes Rulemaking to Increase Continuing Education Options for Licensed Accountants**

On August 3, 2022, CBA published [notice](#) of its intent to amend sections 87, 88, 88.1, 88.2, 89, and 90 of Title 16 of the California Code of Regulations (CCR) relating to continuing education (CE). According to the [initial statement of reasons](#), the purpose of these proposed changes is to provide licensees with increased access and greater flexibility in completing CE hours required for license renewal, which would ultimately benefit consumers as the recipients of public accountancy services.

As codified in the Business and Professions Code, the California Legislature “determined it is in the public interest to require that certified public accountants and public accountants licensed under provisions of this chapter comply with CE requirements adopted by the board as a prerequisite to the renewal of public accountancy licenses” (section 5026). To that end, CBA is required to prescribe, amend, and repeal regulations related to various areas and requirements associated with continuing education, including basic requirements, number of hours required for license renewal, subject areas and matters, learning methodologies, provider requirements, and documentation.

According to the [initial statement of reasons](#), this proposed regulatory action would update and modernize the CBA’s CE requirements to include three new learning methodologies, add four technical subject areas for a wider variety of technical subject areas for which a licensee may earn CE credit, allow CE to be earned in increments, and include CE requirements that were inadvertently omitted from the CBA’s 2014 CE rulemaking. These proposed amendments would

provide increased CE opportunities in a wider variety of technical subject areas to maintain or improve the competency of licensees in providing public accounting services to the benefit of California consumers.

CBA anticipates that, if successful, these proposed changes would have little to no fiscal impact on federal and state funds.

## **CBA Proposes Rulemaking to Remove the Second Signature Requirement for Licensure**

On October 21, 2022, CBA published [notice](#) of its intent to amend sections 12 and 12.5 of Title 16 of the California Code of Regulations (CCR) relating to experience requirements for Certified Public Accountant (CPA) Licensure. According to the [initial statement of reasons](#), these proposed changes are to relieve an unnecessary burden on licensure candidates, allowing for more efficient and accurate information being gathered for the purpose of licensure.

Currently, as codified in the Business and Professions Code, applicants for CPA licensure must complete a minimum of 12 months of general accounting experience, and those seeking the authority to sign reports on attest engagements must complete a minimum of 500 hours of attest experience. All applicants must have their experience documented on a Certificate of General Experience and, if seeking attest authority, a Certificate of Attest Experience. Currently, there are four forms, two Certificate of General Experience forms and two Certificate of Attest Experience forms, that differ based on where the applicant completes their experience. Two forms are designated for applicants completing general accounting or attest experience in a public accounting firm, and the other two forms are designated for applicants completing general accounting or attest experience in private industry or government. Experience completed in a public accounting firm requires the second person signing the form to be a licensed CPA. Experience completed in a

private industry company, or a government agency does not require the second person signing the form to be a licensed CPA and instead requires this individual to have more authority than the supervisor.

The proposed changes seek to eliminate the second signature requirement from Title 16, Division 1, CCR sections 12 and 12.5; update the Certificate of General Experience and Certificate of Attest Experience to reflect this elimination; and repeal two of the required four forms, resulting in only one for general accounting experience and one for attest experience. CBA believes that the second signature no longer reflects industry standards because the second signer, from another accounting firm, or a higher authority, may not have worked with or supervised the candidate, yet may be asked to verify if the information is true. CBA also believes this will reduce the possibility of delay caused by incorrect forms being submitted and that this requirement unnecessarily burdens the candidate.

CBA anticipates that these proposed changes would not have a fiscal impact on federal or state funds.

The public comment period will end on December 5, 2022. CBA has not scheduled a public hearing on this proposed action. CBA will hold a hearing if it receives a written request for a public hearing from any interested person no later than 15 days before the close of the written comment period.

## **MAJOR PUBLICATIONS**

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

- [\*Summer 2022 Update Newsletter Issue 96\*](#), 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).

## **RULEMAKING**

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

- **Sale, Transfer, and Discontinuance of a Licensee’s Practice:** On September 22, 2022, the Board published [notice](#) of 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. According to the [initial statement of reasons](#), the benefit to these changes would be establishing procedures for licensees to follow when selling, transferring or discontinuing their practice to protect the confidential information of affected consumers. In addition, the proposal would create requirements for the appropriate handling of client records, including the manner of disposal, which further enhances consumer protection. A public hearing is scheduled for January 10, 2023.
- **Second Signature Removal From Experience Form:** On October 21, 2022, CBA published [notice](#) of its intent to amend sections 12 and 12.5 of Title 16 of the CCR relating to experience requirements for CPA licensure. According to the [initial statement of reasons](#), these proposed changes are to relieve an unnecessary burden on licensure candidates, allowing for more efficient and accurate information being gathered for the purpose of licensure (see HIGHLIGHTS).
- **Continuing Education Programs:** On August 3, 2022, CBA published [notice](#) of its intent to amend sections 87, 88, 88.1, 88.2, 89, and 90 of Title 16 of the CCR relating to continuing education (CE). According to the [initial statement of reasons](#), the purpose of these proposed changes is to provide licensees with increased access and greater flexibility in completing

CE hours required for license renewal, which would ultimately benefit consumers as the recipients of public accountancy services (see HIGHLIGHTS).

- **Definition of Satisfactory Evidence – Transcripts:** On September 26, 2022, OAL [approved](#) CBA’s request to amend section 2.8 of Title 16 of the CCR. This action amends how applicants submit certified college transcripts to the Board. The regulatory action becomes effective January 1, 2023.

## LEGISLATION

- [SB 1443 \(Roth\)](#), as amended August 25, 2022, and as it applies to CBA, amends 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. At its March 25, 2022, WebEx [meeting](#) [Agenda Item XV.B.4.e. ([recording](#))], CBA [voted](#) to take a support position on the bill. Governor Newsom signed SB 1443 into law on September 27, 2022 (Chapter 625, Statutes of 2022).

- The following bills reported in Volume 27, Issue 2 (Spring 2022) died in committee or otherwise failed to be enacted in 2022: [AB 646 \(Low\)](#), require boards to post expunged convictions to online licensee search platform; [AB 1733 \(Quirk\)](#), specify that a “meeting” under the act, includes a meeting held entirely by teleconference; [AB 1795 \(Fong\)](#), remote participation in meetings.