

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 115,000 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 February 22, 2023, Governor Newsom [appointed](#) Tong “Tony” Lin to the Board of Accountancy as a public member. Lin served as a member of the Elk Grove Planning Commission.

He has been President of Talus Design Corporation since 2011 and is currently the CEO of the Asian Pacific Islander American Public Affairs Association. Lin has mentored and supported hundreds of student interns and young business professionals.

On February 22, 2023, Governor Newsom [reappointed](#) public member Karriann Farrell Hinds who has served on the Board since 2016. Hinds has been Chief of Staff for Vista Del Mar Child and Family Services since 2021. She was the External Affairs and Community Affairs Liaison for the Santa Monica College Public Policy Institute from 2015 to 2022. Hinds is a member of the Los Angeles County Commission for Women, the National Women’s Political Caucus of California and the Women’s Political Committee. She earned a Juris Doctor degree from Loyola Law School.

On February 22, 2023, Governor Newsom [reappointed](#) licensee member Joseph Rosenbaum who has served on the Board since 2022. He has been President of Rosenbaum & Co. since 2011. Rosenbaum is a member of the California Society of Certified Public Accountants. He earned a Master of Business Administration and Juris Doctor degree from the Ohio State University.

Speaker of the Assembly Anthony Rendon reappointed Ariel Pe, who has served on the Board since 2019. He formerly worked in global marketing for Vans Shoe Co., and currently owns his own marketing and print shop. Pe serves as a business advisor with the Los Angeles Regional Small Business Development Center Network, board chair of the Lakewood YMCA, and Advisory Council member for the Bellflower Unified School District Career Technical Education Program. He is also a member of the Lakewood City Council, Long Beach City College Foundation Board, California Contract Cities Association, Gateway Cities COG Board, and League of California Cities.

As of this writing, there are three vacancies on the Board, including two public seats and one licensee seat.

MAJOR PUBLICATIONS

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

- [Fall 2022 Update Newsletter Issue 97](#), California Board of Accountancy (provides an overview of changes in the Board's Officers; CBA and Committee meetings; and topical information about examination, online license renewal, attest experience, and enforcement actions).
- [Spring 2023 Update Newsletter Issue 98](#), California Board of Accountancy (provides an overview of CBA appointments and reappointments; CBA and Committee meetings; and topical information about the examination, Sunset Review, and enforcement actions).

RULEMAKING

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

- **Continuing Education Programs:** On February 1, 2023, the Board published [notice](#) of its rulemaking action to amend sections 87, 88, 88.1, 88.2, 89, and 90, Title 16 of the CCR. This action amends the continuing education program requirements to add technical subject areas, update nontechnical subject areas, and establish three new continuing education programs. At the November 17, 2022, [meeting](#), Michelle Center, Chief of Licensing Division at the Board, stated that these amendments increase flexibility for CPAs completing continuing education requirements by providing additional learning methodologies, additional subject areas, and shorter increments.

- **Second Signature Removal From Experience Form:** On February 8, 2023, the OAL [approved](#) the Board’s regulatory action to amend sections 12 and 12.5, Title 16 of the CCR to remove a requirement for a second supervisor to sign forms that certify completion of the experience requirement by a CPA applicant. These amendments also eliminate requirements for different Certificate of General Experience and Certificate of Attest Experience forms based on where applicants completed their experience. According to the [Initial Statement of Reasons](#), this change is in response to feedback that the second signature caused logistical delay and lack of consistency with all other state boards of accountancy requirements, which only require one signature. This regulatory action became effective April 1, 2023.

- **Sale, Transfer, or Discontinuance of Licensee’s Practice:** At its March 24, 2023 [meeting](#), CBA approved the proposed regulatory language to add sections 54.3 and 54.4, Article 9, Division 1, Title 16 of the CCR and directed staff to take all steps necessary to complete the rulemaking file, including submitting to the Director of DCA, the Business, Consumer Services and Housing Agency, and Office of Administrative Law (OAL), and authorized the Acting Executive Officer to make any non-substantive changes to the proposed regulations, and adopt the proposed regulations as originally noticed. These changes would establish requirements for licensees to follow when selling, transferring, or discontinuing their practice and provide guidance regarding the proper disposal of client records. The proposed rulemaking was originally [noticed](#) on September 22, 2022. [[28:1 CRLR 129](#)]

LITIGATION

- ***In the Matter of the Accusation Against Ernst & Young LLP***, Case No. AC-2023-13 (California Board of Accountancy). On March 6, 2023, CBA [announced](#) a [stipulated](#)

[settlement](#) and disciplinary order against the accounting firm Ernst & Young LLP. Many of its employees engaged in cheating and/or other misconduct on prelicensure ethics exam and continuing education exams. The Board wants to reinforce the importance of ethics in the accounting profession and further its mission of consumer protection. The terms of the settlement include: a 30-day license suspension, which is stayed during two years of probation; an administrative penalty of \$1,800,000 paid to the Board; and development of outreach campaign directed by the Board with topics focused on consumer protection, on which a minimum of \$300,000 must be spent.