

CALIFORNIA BOARD OF ACCOUNTANCY

Executive Officer: Dominic Franzella ♦ Phone: (916) 263–3680 ♦ www.dca.ca.gov/cba

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). To be licensed, an applicant must complete 150 units 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 August 4, 2023, the Board [named](#) Dominic Franzella as its new Executive Officer. Mr. Franzella previously served as Acting Executive Officer since the beginning of 2023. Since he

began his career with the CBA in 2005, Mr. Franzella worked as an Office Technician, Analyst, License Renewal and Continuing Competency Unit Manager, Examination Unit Manager, Chief of Licensing, and Chief of Enforcement. Mr. Franzella previously worked in the private sector for several years.

On October 12, 2023, Governor Newsom [appointed](#) Patricia Batchelor, CPA, to the Board of Accountancy as a licensed member. Ms. Batchelor has owned her business, Patricia Batchelor, Certified Public Accountant, since 2004. She is a member of the California Society of Certified Public Accountants, American Institute of Certified Public Accountants, and the Alliance of Black Women Accountants.

Governor Newsom also [appointed](#) Theresa Thompson, CPA, to the Board of Accountancy as a licensed member on October 12, 2023. Ms. Thompson has worked at PwC since 2008, holding various positions that include State & Local Tax Director, State & Local Tax Manager, Senior Tax Associate, Tax Associate, and has been a partner at PwC since 2019. She is a member of the American Institute of Certified Public Accountants and of the California Society of Certified Public Accountants.

At the Board's May 18, 2023, meeting, the Board unanimously [voted](#) to reappoint Hanzhao Meng, CPA, to the Qualifications Committee, where she has been a member since 2017. Ms. Meng has knowledge and experience in governmental auditing and accounting.

At its July 27–28, 2023, meeting, the Board [voted](#) to reappoint Jeffrey Baginski, CPA, and appoint Chris Smith, CPA, to the Qualifications Committee. Mr. Baginski was originally appointed to the QC in 2017 and experienced in SEC reporting and compliance, due diligence reviews, and other special projects.

Mr. Smith retired as Global Head of Accounting and Auditing at BDO, an international accounting and auditing firm, prior to joining the CBA and has over 35 years of experience in the public accounting profession. Mr. Smith previously held seats on professional and industry boards, committees, and groups on the audit profession and is a frequent lecturer and presenter on technical accounting and auditing topics.

In addition, at its July [meeting](#), the Board reappointed Laura L. Ross, CPA as the chair of the Peer Review Committee following her initial appointment in 2021. She is a Tax Partner in the Financial Services Group with extensive expertise in accounting and tax issues related to hedge funds, market makers, and pass-through entities and their owners. Ms. Ross teaches at Golden Gate University in San Francisco.

As of this writing, there are three vacancies on the Board, including two public seats and one licensee seat. Further, the Enforcement Advisory Committee has four vacancies, the Peer Review Oversight Committee has two vacancies, and the Qualifications Committee has four vacancies.

HIGHLIGHTS

California Board of Accountancy Publishes Notice on CPA Examination Revisions and Early Entry

On May 15, 2023, CBA published [notice](#) of its intent to amend sections 6, 7.1, 7.3, 8.2, 9.2, 9.3, and 13, Title 16 of the CCR to revise the CPA Examination and add submission requirements for early admission, which are outlined in the [proposed language](#). According to the [initial statement of reasons](#), the proposed regulations regarding early entry are the Board's efforts to implement [AB 298 \(Irwin\) \(Chapter 300, Statutes of 2021\)](#), which provides an exemption

allowing applicants to sit for the CPA Exam prior to completion of the existing educational requirements if specific conditions are met.

Ordinarily, the educational requirements to sit for the CPA Exam require the completion of 24 semester units in accounting subjects, the completion of 24 semester units in business-related subjects, and the conferral of a bachelor's degree. AB 298's exception allowed applicants to sit for the CPA Exam before the educational requirements were completed if the applicant: 1) is enrolled in a degree-granting university, college, or other institution; 2) is within 180 days of completing the educational requirements; and 3) submit satisfactory evidence to the CBA within 240 days of application submission to verify completion of the educational requirements.

The proposed regulations would revise the CPA Exam to align with the CPA Evolution licensure model. The initial statement of reasons describes the CPA Evolution initiative as “a joint effort of [the National Association of State Boards of Accountancy (NASBA) and the American Institute of Certified Public Accountants (AICPA)] aimed to transform the CPA licensure model in recognition of the rapidly changing skills and competencies the practice requires today and will require in the future.” The new model “targets the body of knowledge required of newly licensed CPAs and requires applicants to pass three core test sections and one discipline test section.” According to the initial statement of reasons, “once the AICPA launches the new version of the CPA Exam, the current version of the exam will no longer be available for use by states.”

At its July 28, 2023, [meeting](#) [Agenda Item 11A], the Board voted to authorize the Acting Executive Office to submit the rulemaking package to the Office of Administrative Law (OAL) for approval. The Board discussed two public comments, both in support of its [amended language](#) increasing the timeline for a candidate to pass all parts of the CPA exam from 18 months to 30 months. All present board members voted to approve the motion. The 15-day comment period

ended on August 18, 2023. The rulemaking package was submitted to the OAL on October 18, 2023. At this writing, OAL has not issued an order approving the package.

MAJOR PUBLICATIONS

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

- [Summer 2023 Update Newsletter Issue 99](#), California Board of Accountancy (provides an overview of CBA appointments and reappointments; CBA and Committee meetings; and topical information about the examination, SURE CPA, and enforcement actions).

RULEMAKING

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

- **Sale, Transfer, or Discontinuance of Licensee’s Practice:** On September 22, 2022, CBA published [notice](#) of its intent to amend sections 54.3 and 54.4 to title 16 of the CCR related to the sale, transfer, or discontinuance of a licensee’s practice. At its September 21–22, 2023 [meeting](#), CBA voted to approve [modifications](#) to the proposed regulatory language in CCR, Title 16, sections 54.3 and 54.4 and direct 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 OAL, and authorized the Acting Executive Officer to make any non-substantive changes to the proposed regulations and adopt the proposed regulations as initially noticed. These changes would establish requirements for licensees to follow when selling, transferring, or discontinuing their practice and provide guidance regarding the proper notice to clients, consent from clients, and disposal of client records. The proposed rulemaking was submitted to OAL on October 20, 2023, and is currently under review.

- **CPA Examination Revisions and Early Entry:** On May 15, 2023, CBA published [notice](#) of its intent to amend sections 6, 7.1, 8.2, 9.2, and 13 and add sections 7.3 and 9.3 to title 16 of the CCR related to early entry of the Uniform Certified Public Accountant Examination (CPA Exam) with a transition to a new model to utilize the CPA Evolution licensure model. At its July 27–28, 2023 [meeting](#), CBA voted to approve amendments to the proposed regulatory text in Title 16, Division 1, section 7.1 of the CCR, and direct staff to take all steps necessary to complete the rulemaking file, including submitting it to the Director of DCA and the Business, Consumer Services, and Housing Agency. The Board also voted to direct staff to notice the modified text as discussed for a 15-day public comment period, and if no relevant, timely adverse comments were received, adopt the amendments to sections 6.1, 7.1, 7.3, 8.2, 9.2, 9.3, and repeal section 13. It was submitted to OAL on October 18, 2023, and is currently under review (see HIGHLIGHTS).

LEGISLATION

- [SB 887 \(Hemphill\)](#), as amended September 8, 2023, amends various sections of the Business and Professions Code. The bill deletes the provision authorizing the Board to establish an advisory continuing education committee, deletes the annual fee for a practice privilege, and removes a peer review report requirement. At its May 18, 2023, meeting, the Board voted to continue its support of SB 887, noting that its amendments satisfied concerns raised at the March 2023 CBA meeting. CBA sent a [letter](#) of support to Governor Newsom on September 20, 2023, stating, “[t]he provisions relative to the CBA remove outdated statutory provisions and update terminology that will assist the CBA in maintaining clear and relevant laws to guide the CBA in meeting its consumer protection mission.” Governor Newsom signed SB 887 into law on October 8, 2023 (Chapter 510, Statutes of 2023).

- [SB 544 \(Laird\)](#), as amended September 8, 2023, amends sections 11124, 11123.5, and 11123.2 of the Government Code. This bill amends the Bagley-Keene Open Meeting Act to allow a state body to hold a meeting via teleconference. It requires state bodies, including CBA, to have at least one member physically present at each teleconference location to provide an opportunity for public comment through telecommunication. Specified circumstances allow a member of the state body to participate remotely with a camera on and the member must disclose any other individual older than 18 years of age that is also in the room with the member. At its May 18, 2023, [meeting](#), the Board voted to support SB 544. In a September 20, 2023, [letter](#) to Governor Newsom, it stated, “[t]he option to use expanded teleconferencing options to conduct CBA and advisory committee meetings will assist the CBA in meeting its consumer protection mission.” The changes will take effect on January 1, 2024, and repeal the provisions by January 1, 2026. Governor Newsom signed SB 544 into law on September 23, 2023 (Chapter 216, Statutes of 2023).

- [SB 816 \(Roth\)](#), as amended September 8, 2023, amends section 5134 of the Business and Professions Code. The bill increases various fees, including the application fee for a certified public accountant certificate, the biennial renewal fee for each permit to engage in the practice of public accountancy, and the fee imposed on an applicant for registration as a partnership or professional corporation. On September 20, 2023, CBA sent a [letter](#) of support to Governor Newsom, stating, “SB 816 will provide increased revenues for the CBA to eliminate its negative annual cash flow, more closely align fees with the associated service, and build its reserves to ensure the CBA has the resources necessary to continue meeting its consumer protection mission in the future.” Governor Newsom signed SB 816 into law on October 10, 2023 (Chapter 723, Statutes of 2023).

- [SB 372 \(Menjivar\)](#), as amended September 1, 2023, adds section 27.5 to the Business and Professions Code. This bill requires a board within DCA to update a licensee’s or registrant’s license or registration by replacing references to the former name or gender on the license or registration, as specified, if the board receives documentation, as described, from the licensee or registrant demonstrating that the licensee or registrant’s legal name or gender has been changed. The bill also prohibits a board from publishing the licensee’s or registrant’s former name or gender online. CBA initially voiced concerns related to consumers’ inability to locate enforcement actions against licensees whose names had changed, but at its July 28, 2023, [meeting](#), Board Secretary/Treasurer Rosenbaum stated that these concerns were resolved in the amended version. Governor Newsom signed SB 372 into law on September 23, 2023 (Chapter 225, Statutes of 2023).