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CALIFORNIA BOARD OF ACCOUNTANCY

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2013-2015  
STRATEGIC PLAN



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**From its inception in 1901**, the CBA has, by statute, been charged with regulating the practice of accountants the public could rely upon as being competent. The original law prohibited anyone from falsely claiming to be a certified public accountant, a mandate which exists today. By authority of the California Accountancy Act, the CBA:

- Ensures that only candidates who meet certain qualifications are allowed to take the national Uniform Certified Public Accountant (CPA) Examination.
- Certifies, licenses and renews licenses of individual CPAs and Public Accountants (PAs).
- Registers accountancy partnerships and accountancy corporations.
- Takes disciplinary action against licensees for violation of CBA statutes and regulations.
- Monitors compliance with continuing education and peer review requirements.
- Reviews work products of CPAs, PAs and accountancy firms to ensure adherence to professional standards.

In 1971, the Legislature located the California Board of Accountancy (CBA) within the newly-created Department of Consumer Affairs. The CBA currently regulates over 84,000 licensees and 5,000 firms, the largest group of accounting professionals in the nation. The CBA establishes and maintains entry-level standards of qualification and conduct within the accounting profession, primarily through its authority to license.

Through its Examination and Initial Licensure Programs, the CBA qualifies California candidates for the national Uniform CPA Examination, certifies and licenses individual CPAs, and registers accountancy firms. The CBA's License Renewal and Continuing Competency Program focuses on license renewal, ensuring that licensees maintain a currency of professional knowledge to competently practice public accountancy.

Through its Practice Privilege Program, the CBA registers out-of-state CPAs who do not maintain a principal place of business in California to practice public accountancy in California if they meet one the following sets of criteria: Possess a valid and active license, certificate, or permit from a substantially equivalent state as deemed by the CBA and

defined by Section 5093 of the California Accountancy Act, possess individual education, examination, and experience qualifications that have been determined by the CBA to be substantially equivalent to the qualifications under Section 5093 of the California Accountancy Act, or have continually practiced public accountancy under a valid license issued by any state for at least four of the last 10 years. With the signing of Senate Bill 1405 and beginning July 1, 2013, the Practice Privilege Program will be substantially changed to allow most out-of-state CPAs to practice public accountancy in California with no notice and no fee. In limited circumstances, out-of-state CPAs will need to obtain CBA approval prior to practicing, and accounting firms performing specified services for companies headquartered in California will need to obtain licensure.

The objective of the CBA Enforcement Program is to protect consumers, minimize substandard practice, and rehabilitate and discipline licensees, as warranted. The CBA has the authority to discipline not only individuals, but firms as well. Enforcement activities include investigating complaints against persons practicing public accountancy without a license and taking disciplinary actions against licensees for violations of statutes and regulations. In addition, the program monitors compliance with continuing education and peer review requirements, and it actively reviews the work products of CPAs, PAs and accountancy firms to ensure compliance with appropriate professional standards.

The CBA is self-funded, supported by fees paid by the professional community it regulates, and draws no monies from the General Fund.







## OUR MISSION

To protect consumers by ensuring only qualified licensees practice public accountancy in accordance with established professional standards.

## OUR VISION

All consumers are well-informed and receive quality accounting services from licensees they can trust.



## OUR VALUES

### ***Consumer Protection***

The CBA will make effective and informed decisions in the best interest and for the safety of consumers.

### ***Integrity***

The CBA will act in an honest, ethical, and professional manner in all endeavors, and fully disclose all pertinent information.

### ***Quality and Professionalism***

The CBA will ensure that qualified, proficient and skilled staff provide services to CBA stakeholders. The CBA will deliver high quality service, information, and products that reflect excellence and professionalism.

### ***Transparency***

The CBA will actively promote the sharing of ideas and information throughout the organization and with the public, and be receptive to new ideas.

### ***Initiative***

The CBA will encourage creatively looking at problems and processes and actively seek solutions and improvements.

### ***Respect***

The CBA will be responsive, considerate, and courteous to all, both within and outside the organization.

### ***Accountability***

The CBA will take ownership and responsibility for its actions and their results.

### ***Teamwork***

The CBA will promote cooperation and trust at all levels by working with and soliciting the ideas and opinions of CBA stakeholders.

### **Implemented a Mandatory Peer Review Program.**

The CBA implemented a mandatory Peer Review Program effective January 1, 2010. Peer Review is a study of a firm's accounting and auditing work by an unaffiliated CPA following professional standards. Since implementation, over 46,000 licensees have fulfilled their peer review reporting requirement, which further supports the CBA's consumer protection mandate by ensuring licensees are performing specified accounting work in accordance with professional standards.

### **Implemented Changes to the Continuing Education Requirements for Licensees, Including the Completion of Ethics Education.**

Effective January 1, 2010, the CBA implemented changes to the continuing education (CE) requirements for CPA license renewal. Specifically, licensees seeking to renew a license in an active status are required to complete four hours of ethics education focused on a review of nationally recognized codes of conduct emphasizing how the codes relate to professional responsibilities, case-based instruction focusing on real-life situational learning, ethical dilemmas facing the accounting profession, and business ethics, ethical sensitivity, and consumer expectations.

Additionally, licensees must complete a two-hour, Board-approved Regulatory Review course if more than six years have lapsed since they last completed a Board-approved Regulatory Review or Professional Conduct and Ethics (PC&E) course.

Effective January 1, 2012, as part of the total 80 hours of CE required to renew a license in an active status, licensees were required to complete a minimum of 20 hours of CE, including a minimum of 12 hours in technical subject matter, in each year of the two-year license renewal period.

### **Began Implementation to a Single Pathway for CPA Licensure as a Result of Senate Bill 819, Making the CBA a Substantially Equivalent State.**

Senate Bill (SB) 819 (Chapter 308, Statutes of 2009) established a sunset date of January 1, 2014 for CPA licensure via Pathway 1, while at the same time requiring refinement of the requirements that comprise Pathway 2. Specifically, beginning January 2014, SB 819 requires that an additional 30 of the 150 semester units of education be further defined, with 10 semester units of ethics study and 20 units of accounting study.

Preliminary activities for implementation included outreach via social media, UPDATE newsletter articles, and participation in webinars with the CBA and California Society of CPAs. Additionally, the CBA has posted, and continues to post, information on the



CBA website to assist students, faculty and applicants in understanding the changes to the educational requirements. The CBA also hosted two open house events in January and March 2012, inviting faculty, students, and other interested parties to attend a presentation on the educational changes and provided an open forum to ask questions of CBA members and staff. CBA members and leadership were key participants in both open houses.

**Effectively Maintained Involvement in Legislative Activities.**

The CBA continued to increase its involvement in the legislative process to further promote consumer protection initiatives as well as programs to assist licensees. This resulted in legislation establishing peer review as a permanent program and establishing a retired status for CPAs.

**Reduced Fees for CBA Licensees.**

Beginning July 1, 2011, the CBA successfully implemented a 40 percent reduction in license renewal fees for CPAs and accounting firms. This reduction was made to address stabilization of the CBA's revenues and expenditures.

**Obtained Full Staffing within the CBA Organization.**

The CBA successfully filled key leadership and enforcement positions within the CBA organization. Additionally, management optimized or reallocated resources to ensure programs were adequately staffed and operating.

**Increased Information Services and Distribution of Information.**

The CBA successfully used social media to deliver key messages to stakeholders. Additionally, the CBA participated in several speaking engagements, including hosting two open houses that focused on the new educational requirements for CPA licensure. Focusing on consumers, the CBA revamped the Consumer Assistance Booklet to provide key resource information regarding the practice of public accountancy.

**Assessed Administrative Penalties Consistently.**

Through its enforcement actions, the CBA consistently issued appropriate administrative penalties to licensees who violated the Accountancy Act and CBA Regulations.

**Achieved Reduction in Examination and Licensing Processing Timeframes.**

CBA's Licensing Division staff consistently processed both examination and licensing applications in under 30 days.

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## OVERVIEW OF STRATEGIC PLAN

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This Strategic Plan identifies seven goals and 28 objectives developed to enable the CBA to meet its mandates identified in the Accountancy Act (California Business and Professions Code, Section 5000 (et seq.)) and CBA Regulations (Title 16, Division 1, California Code of Regulations, ), as well as the policy directions of CBA Board members.

Protection of the public shall be the CBA's highest priority in exercising its licensing, regulatory, and disciplinary functions. In meeting its mandate and mission, the CBA also strives to deliver the highest standards of service to all concerned, affected, and interested stakeholders.

The CBA's stakeholders include consumers, licensees, applicants, and professional organizations and groups that have a direct or indirect stake in the CBA because they can affect or be affected by the CBA's actions, objectives, and policies.

This Strategic Plan is the outcome of pre-development work by the Strategic Planning Committee and a Strategic Plan Workshop facilitated by the Department of Consumer Affairs' Strategic Planning Unit, which included CBA members, management, and staff. The Strategic Plan is intended to be staged over a three-year period and will be updated as warranted.



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## GOALS AND OBJECTIVES

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### **GOAL 1 - Enforcement**

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Maintain an active, effective, and efficient program to maximize consumer protection.

#### OBJECTIVES

- 1.1 Continue to interface with other regulatory agencies to assist with the CBA's enforcement responsibilities.
- 1.2 Expand fieldwork of CBA investigators.
- 1.3 Increase licensees' awareness of the consequences of unprofessional conduct.
- 1.4 Reduce internal CBA investigative timeframes and work collaboratively with the Office of the Attorney General to both reduce timeframes and improve the overall process.
- 1.5 Continue to educate licensees on their due process rights.
- 1.6 Ensure licensees are complying with mandatory Peer Review requirements.

### **GOAL 2 - Customer Service**

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Deliver the highest level of customer service.

#### OBJECTIVES

- 2.1 Continue to respond to all inquiries within a reasonable timeframe.
- 2.2 Maintain a high level of professionalism when following procedures and interacting with stakeholders.
- 2.3 Continue to provide responses to customer service feedback.

### **GOAL 3 - Licensing**

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Maintain an active, effective, and efficient program that maximizes customer service to Uniform CPA Examination candidates, applicants for CPA licensure, and licensees.

#### OBJECTIVES

- 3.1 Maintain reasonable timeframes for processing license renewals.



- 3.2 Implement a new practice privilege program following the passage of Senate Bill 1405.
- 3.3 Implement the new educational requirements for CPA licensure beginning January 1, 2014, which include 30 units of education in the areas of accounting and ethics study, as well as address any transition issues.

#### **GOAL 4 - Outreach**

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Provide and maintain effective and timely outreach to all CBA stakeholders.

##### OBJECTIVES

- 4.1 Continue to conduct educational workshops in various regions of the State.
- 4.2 Maintain a communication plan that increases and prioritizes outreach efforts and focuses on relevant issues and key messages.
- 4.3 Address Board members' and staff's ability to have more flexibility to provide outreach and education to stakeholders.
- 4.4 Continue to leverage emerging technologies to reach consumers and licensees with relevant issues and key messages.

#### **GOAL 5 - Laws and Regulations**

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Maintain an active presence and leadership role that efficiently leverages the CBA's position of legislative influence.

##### OBJECTIVES

- 5.1 Increase the CBA's visibility and reputation with the Legislature.
- 5.2 Promote the CBA's position on legislation and public policy consistent with the CBA's goals and objectives.
- 5.3 Increase liaison communications with other agencies that impact the CBA's objectives, and provide reports regarding the communications at future CBA meetings (e.g., FTB, DCA, SCO, SEC, and IRS).

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## **GOAL 6 - Emerging Technologies**

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Improve efficiency and information security through use of existing and emerging technologies.

### **OBJECTIVES**

- 6.1 Apply best practices to safeguard the confidentiality, integrity, and, when appropriate, availability of CBA's information assets.
- 6.2 Prepare for transition to document imaging.
- 6.3 Provide the option for an online application process for licensure and license renewal, and accepting credit card payments.
- 6.4 Continue to transition the CBA's website to the standards of the State Portal's architecture and functionality.
- 6.5 Maintain a secure and relevant website that provides enhanced interactive features.
- 6.6 Continue to enhance technology to improve customer service.
- 6.7 Execute an option for delivering agenda materials electronically when appropriate.

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## **GOAL 7 - Organizational Effectiveness**

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Maintain an efficient and effective team of leaders and professionals by promoting staff development and retention.

### **OBJECTIVES**

- 7.1 Maintain management and staff succession plans.
- 7.2 Include CBA and committee succession information within the CBA's Guidelines and Procedure Manual and continue to communicate and encourage participation to those who are qualified.



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