

AMENDED IN ASSEMBLY MAY 17, 2001

AMENDED IN ASSEMBLY APRIL 16, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 585

**Introduced by Assembly Member Nation
(Coauthor: Assembly Member John Campbell)**

February 21, 2001

~~An act to amend Sections 5000, 5081, 5082, 5082.1, 5082.2, and 5087 of, to amend and repeal Sections 5081.1, 5083, and 5084 of, to add Sections 5076, 5080.2, 5081.2, 5081.3 and 5083.1 to, and to repeal Section 5023 of, the Business and Professions Code, relating to public accountants. An act to amend Sections 5081, 5082, 5082.1, 5082.3, 5082.4, 5087, and 5088 of, to amend and repeal Sections 5081.1, 5082.2, 5083, and 5084 of, and to add Sections 5076, 5082.5, 5090, 5091, 5092, 5093, 5094, and 5095 to, the Business and Professions Code, relating to accountants.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 585, as amended, Nation. Public accountants.

(1) Existing law provides for the licensing and regulation of the practice of accountancy by the State Board of Accountancy in the Department of Consumer Affairs. Pursuant to existing law, the board may adopt rules and regulations to carry out and facilitate its duties. Existing law authorizes the board to establish an advisory committee. Provisions for the existence of the board become inoperative on July 1, 2002, and are repealed on January 1, 2003.

~~This bill would delete the power of the board to establish an advisory committee and would revise the membership requirements for the board. The bill would also extend provisions for the existence of the board, making them operative until July 1, 2007, and repealing them on January 1, 2008.~~

~~(2) Existing law requires that an applicant for the certified public accountants' examination meet specified educational requirements and that an applicant for licensure as a certified public accountant meet certain educational and experience requirements.~~

This bill would revise these provisions relating to educational and experience requirements.

~~(3)~~

(2) Under existing law, a certified public accountant license candidate is required to pass a written examination. Existing law provides that a candidate who passes 2 or more subjects but fails the examination has the right to be reexamined in only the remaining subjects.

~~This bill would delete the requirement that the examination be in written form. The bill would also delete the provision allowing a candidate who passes 2 or more subjects to be reexamined only in the remaining subjects. The bill would require the board to adopt regulations specifying the standards for passage of examinations and reexaminations.~~

This bill would repeal this requirement on January 1, 2006, when new examination requirements, as specified, would apply.

~~(4)~~

(3) Existing law requires that an applicant for a certified public accountant license be over 18 years of age, and prohibits the board from giving a license to an applicant with a certified public accountant license from another state who is not over 18 years of age.

This bill would delete this age requirement.

~~(5)~~

(4) Existing law requires an applicant for licensure as a certified public accountant to demonstrate experience in the attest function.

This bill would require a ~~firm or a sole proprietor partnership or corporation~~ to meet specified peer review requirements in order to provide attest services *and would require an individual applicant to meet specified criteria to sign reports on attest engagements*. The bill would require the board to adopt regulations implementing; *and*



interpreting, and making specific these new application, examination, education, and licensure process requirements.

(5) Existing law provides that a person holding a valid and unrevoked license from any state may practice public accountancy after submitting an application for licensure and showing proof of qualifying continuing education.

This bill would also authorize a qualified applicant to also perform attest services.

This bill would make other related changes.

(6) The bill would provide that it would become operative only if SB 133 is enacted and becomes effective on or before January 1, 2002.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. This act is intended to enact the licensing~~
2 ~~provisions of the Uniform Accountancy Act as adopted by the~~
3 ~~National Association of State Boards of Accountancy and the~~
4 ~~American Institute of Certified Public Accountants in the interests~~
5 ~~of supporting California certified public accountant's full~~
6 ~~participation in the global economy, providing for effective~~
7 ~~consumer protection and regulation of certified public accountants~~
8 ~~in this Internet age by substantially conforming California's~~
9 ~~Certified Public Accountant licensing requirements with the~~
10 ~~education, examination, and experience requirements already~~
11 ~~existing in 41 states. California's Accountancy Act already~~
12 ~~conforms with all other major provisions of the Uniform~~
13 ~~Accountancy Act, including firm organization, fee restrictions,~~
14 ~~professional standards, and continuing education requirements.~~

15 ~~SEC. 2. Section 5000 of the Business and Professions Code~~
16 ~~is amended to read:~~

17 ~~5000. There is in the Department of Consumer Affairs the~~
18 ~~California Board of Accountancy, which consists of 10 members,~~
19 ~~six of whom shall be licensees of the board, and four of whom shall~~
20 ~~be public members who shall not be licentiates of the board or~~
21 ~~registered by the board. The board has the powers and duties~~
22 ~~conferred by this chapter.~~

23 ~~The Governor shall appoint two of the public members, and the~~
24 ~~six licensee members qualified as provided in this section. The~~



1 ~~Senate Rules Committee and the Speaker of the Assembly shall~~
2 ~~each appoint a public member. In appointing the six licensee~~
3 ~~members, the Governor shall appoint members representing a~~
4 ~~cross section of the accounting profession with at least two~~
5 ~~members representing small public accounting firms. For the~~
6 ~~purposes of this chapter, a small public accounting firm shall be~~
7 ~~defined as a professional firm that employs a total of no more than~~
8 ~~four licenses as partners, owners, or full-time employees in the~~
9 ~~practice of public accountancy within the State of California.~~

10 ~~This section shall become operative on July 1, 1997, and shall~~
11 ~~become inoperative on July 1, 2007, and as of January 1, 2008, is~~
12 ~~repealed, unless a later enacted statute, that becomes effective on~~
13 ~~or before January 1, 2008, deletes or extends the dates on which~~
14 ~~this section becomes inoperative and is repealed. The repeal of this~~
15 ~~section renders the board subject to the review required by~~
16 ~~Division 1.2 (commencing with Section 473).~~

17 ~~SEC. 3.—Section 5023 of the Business and Professions Code~~
18 ~~is repealed.~~

19 ~~SEC. 4.—Section 5076 is added to the Business and Professions~~
20 ~~Code, to read:~~

21 ~~5076. (a) A partnership, corporation, or sole proprietor~~
22 ~~providing attest services shall complete a peer review prior to the~~
23 ~~first registration expiration date after January 1, 2003, and no less~~
24 ~~frequently than every three years thereafter.~~

25 ~~(b) For purposes of this section, the following definitions~~
26 ~~apply:~~

27 ~~(1) “Peer review” means a study, appraisal, or review~~
28 ~~conducted in accordance with professional standards of the~~
29 ~~professional work of a licensee or registered firm by another~~
30 ~~licensee unaffiliated with the licensee or registered firm being~~
31 ~~reviewed. The peer review shall include, but not be limited to, a~~
32 ~~review of at least one attest engagement representing the highest~~
33 ~~level of service performed by the firm and may include an~~
34 ~~evaluation of other factors in accordance with requirements~~
35 ~~specified by the board in regulations.~~

36 ~~(2) “Attest” includes an audit, a review of financial~~
37 ~~statements, an examination of prospective financial information,~~
38 ~~and other services as the board may specify by regulation.~~

39 ~~(c) The board shall adopt regulations as necessary to~~
40 ~~implement, interpret, and make specific this section, including,~~



1 but not limited to, regulations specifying the requirements for the
2 approval of peer review providers, and regulations establishing a
3 peer review oversight committee.

4 ~~SEC. 5. Section 5080.2 is added to the Business and~~
5 ~~Professions Code, to read:~~

6 ~~5080.2. (a) During the period January 1, 2002, through~~
7 ~~December 31, 2004, applicants for the certified public accountant~~
8 ~~license, in addition to meeting the examination requirements of~~
9 ~~this article, shall do either of the following:~~

10 ~~(1) Meet the educational requirements of Section 5081.1 and~~
11 ~~the experience requirements of Section 5083.~~

12 ~~(2) Meet the educational requirements of Section 5081.3 and~~
13 ~~the experience requirements of Section 5083.1.~~

14 ~~(b) Commencing January 1, 2005, all applicants for the~~
15 ~~certified public accountant license, in addition to meeting the~~
16 ~~examination requirements of this article, shall meet the~~
17 ~~educational requirements of Section 5081.3 and the experience~~
18 ~~requirements of Section 5083.1.~~

19 ~~SEC. 6. Section 5081 of the Business and Professions Code~~
20 ~~is amended to read:~~

21 ~~5081. An applicant for admission to the examination for a~~
22 ~~certified public accountant license shall:~~

23 ~~(a) Not have committed acts or crimes constituting grounds for~~
24 ~~denial of a license under Section 480.~~

25 ~~(b) File the application for the examination. An application for~~
26 ~~the examination shall not be considered filed unless all required~~
27 ~~supporting documents, fees, and the fully completed~~
28 ~~board approved application form are received in the board office~~
29 ~~or filed by mail in accordance with Section 11003 of the~~
30 ~~Government Code on or before the specified final filing date.~~

31 ~~(c) Meet one of the requirements specified in Section 5081.1 or~~
32 ~~Section 5081.2.~~

33 ~~SEC. 7. Section 5081.1 of the Business and Professions Code~~
34 ~~is amended to read:~~

35 ~~5081.1. An applicant for admission to the examination for a~~
36 ~~certified public accountant license during the period January 1,~~
37 ~~2002, through December 31, 2004, shall comply with one of the~~
38 ~~following requirements or shall meet the requirements of Section~~
39 ~~5081.2:~~



1 ~~(a) The applicant shall present satisfactory evidence that he or~~
2 ~~she has either of the following:~~

3 ~~(1) A baccalaureate degree from a university, college or other~~
4 ~~four-year institution of learning accredited by a regional or~~
5 ~~institutional accrediting agency included in a list of these agencies~~
6 ~~or associations published by the United States Secretary of~~
7 ~~Education under the requirements of the Higher Education Act of~~
8 ~~1965 as amended, with a major in accounting or related subjects~~
9 ~~requiring a minimum of 45 semester units of instruction in these~~
10 ~~subjects. If the applicant has received a baccalaureate degree in a~~
11 ~~nonaccounting major, the applicant shall present satisfactory~~
12 ~~evidence of study substantially the equivalent of an accounting~~
13 ~~major, including courses in related business administration~~
14 ~~subjects.~~

15 ~~(2) A degree or degrees from a college, university, or other~~
16 ~~institution of learning located outside the United States that is~~
17 ~~approved by the board as the equivalent of the baccalaureate~~
18 ~~degree described in paragraph (1). The board may require an~~
19 ~~applicant under this paragraph to submit documentation of his or~~
20 ~~her education to a credentials evaluation service approved by the~~
21 ~~board for evaluation and to cause the results of this evaluation to~~
22 ~~be reported to the board. The board shall adopt regulations~~
23 ~~specifying the criteria and procedures for approval of credential~~
24 ~~evaluation services. These regulations shall, at a minimum,~~
25 ~~require that the credential evaluation service (A) furnish~~
26 ~~evaluations directly to the board; (B) furnish evaluations written~~
27 ~~in English; (C) be a member of the American Association of~~
28 ~~Collegiate Registrars and Admission Officers, the National~~
29 ~~Association of Foreign Student Affairs, or the National~~
30 ~~Association of Credential Evaluation Services; (D) be used by~~
31 ~~accredited colleges and universities; (E) be reevaluated by the~~
32 ~~board every five years; (F) maintain a complete set of reference~~
33 ~~materials as specified by the board; (G) base evaluations only upon~~
34 ~~authentic, original transcripts and degrees and have a written~~
35 ~~procedure for identifying fraudulent transcripts; (H) include in the~~
36 ~~evaluation report, for each degree held by the applicant, the~~
37 ~~equivalent degree offered in the United States, the date the degree~~
38 ~~was granted, the institution granting the degree, an English~~
39 ~~translation of the course titles, and the semester unit equivalence~~
40 ~~for each of the courses; (I) have an appeal procedure for applicants;~~



1 and (J) furnish the board with information concerning the
2 credential evaluation service that includes biographical
3 information on evaluators and translators, three letters of
4 references from public or private agencies, statistical information
5 on the number of applications processed annually for the past five
6 years, and any additional information the board may require in
7 order to ascertain that the credential evaluation service meets the
8 standards set forth in this paragraph and in any regulations adopted
9 by the board.

10 (b) The applicant shall present satisfactory evidence that he or
11 she has successfully completed a two-year course of college-level
12 study or received an associate in arts degree from a community
13 college, either institution accredited by a regional or national
14 accrediting agency or association that is included in a list published
15 by the United States Commissioner of Education under the
16 provisions of federal law specified in paragraph (1) of subdivision
17 (a), and that he or she has completed a minimum of 120 semester
18 units which includes the study of accounting and related business
19 administration subjects.

20 (c) The applicant shall show to the satisfaction of the board that
21 he or she has had the equivalent of the educational qualifications
22 required by subdivision (b), or shall pass a preliminary written
23 examination approved and administered by an agency approved
24 by the California State Department of Education and shall have
25 completed a minimum of 10 semester units or the equivalent in
26 accounting subjects. The 10 semester units in accounting subjects
27 shall be completed at a college, university, or other institution of
28 higher learning accredited at the college level by an agency or
29 association that is included in a list published by the United States
30 Commissioner of Education under the federal law specified in
31 paragraph (1) of subdivision (a).

32 (d) The applicant shall be a public accountant registered under
33 this chapter.

34 (e) This section shall remain in effect only until January 1,
35 2005, and as of that date is repealed, unless a later enacted statute,
36 that is enacted before January 1, 2005, deletes or extends that date.

37 SEC. 8. Section 5081.2 is added to the Business and
38 Professions Code, to read:

39 5081.2. Except as provided by Section 5081.1, an applicant
40 for admission to the examination for a certified public accountant



~~1 license shall present satisfactory evidence that the applicant has
2 completed at least 120 semester units of college education
3 including a baccalaureate or higher degree conferred by a college
4 or university, meeting at a minimum the standards described in
5 subdivision (b) of Section 5081.3, the total educational program
6 to include an accounting concentration or equivalent as specified
7 by the board in regulations.~~

~~8 SEC. 9. Section 5081.3 is added to the Business and
9 Professions Code, to read:~~

~~10 5081.3. (a) Except as provided in Section 5080.2, an
11 applicant for a certified public accountant license shall present
12 satisfactory evidence that the applicant has completed at least 150
13 semester units of college education including a baccalaureate or
14 higher degree conferred by a college or university, meeting at a
15 minimum the standards described in subdivision (b), the total
16 educational program to include an accounting concentration or
17 equivalent as specified by the board in regulations.~~

~~18 (b) (1) In order for education to be qualifying, it shall meet the
19 standards described in subparagraph (A) or subparagraph (B).~~

~~20 (A) At a minimum, the education shall be from a university,
21 college, or other institution of these agencies published by the
22 United States Secretary of Education under the requirements of the
23 Higher Education Act of 1965 as amended.~~

~~24 (B) Education from a college, university, or other institution of
25 learning located outside the United States may be qualifying
26 provided it is deemed by the board to be equivalent to education
27 obtained under subparagraph (A) of this paragraph. The board
28 may require an applicant to submit documentation of his or her
29 education to a credentials evaluation to be reported to the board in
30 order to assess educational equivalency.~~

~~31 (2) The board shall adopt regulations specifying the criteria and
32 procedures for approval of credential evaluation services that
33 require services to do the following:~~

~~34 (A) Furnish evaluations directly to the board.~~

~~35 (B) Furnish evaluations written in English.~~

~~36 (C) Be a member of the American Association of Collegiate
37 Registrars and Admission Officers, the National Association of
38 Foreign Student Affairs, or the National Association of Credential
39 Evaluation Services.~~

~~40 (D) Be used by accredited colleges and universities.~~



1 ~~(E) Be reevaluated by the board every five years.~~

2 ~~(F) Maintain a complete set of reference materials as specified~~
3 ~~by the board.~~

4 ~~(G) Base evaluations only upon authentic, original transcripts~~
5 ~~and degrees and have a written procedure for identifying~~
6 ~~fraudulent transcripts.~~

7 ~~(H) Include in the evaluation report for each degree evaluated~~
8 ~~the date the degree was granted, the institution granting the degree,~~
9 ~~an English translation of the course titles, the semester unit~~
10 ~~equivalents for each of the courses, and the equivalent degree~~
11 ~~offered in the United States.~~

12 ~~(I) Have an appeal procedure for applicants.~~

13 ~~(J) Furnish the board with information concerning the~~
14 ~~credential evaluation service, three letters of reference from public~~
15 ~~or private agencies, statistical information on the number of~~
16 ~~applications processed annually for the past five years, and any~~
17 ~~additional information the board may require in order to ascertain~~
18 ~~that the credential evaluation service meets the standards set forth~~
19 ~~in this paragraph and in any regulations adopted by the board.~~

20 ~~SEC. 10.—Section 5082 of the Business and Professions Code~~
21 ~~is amended to read:~~

22 ~~5082.—An applicant for a certified public accountant license~~
23 ~~shall have successfully passed examinations in subjects the board~~
24 ~~deems appropriate.~~

25 ~~SEC. 11.—Section 5082.1 of the Business and Professions~~
26 ~~Code is amended to read:~~

27 ~~5082.1.—All examinations provided for herein shall be held by~~
28 ~~the board at places that circumstances may warrant, and as often~~
29 ~~as may be necessary in the opinion of the board. The board may~~
30 ~~contract with any organization, governmental or private, for~~
31 ~~examination material or services. Within 90 days after the~~
32 ~~examination the board shall notify each candidate of his or her~~
33 ~~grade. All examination records shall be preserved for a period of~~
34 ~~at least six months after the notification of grading and any~~
35 ~~candidate shall, upon request to the board, have access to his or her~~
36 ~~records.~~

37 ~~SEC. 12.—Section 5082.2 of the Business and Professions~~
38 ~~Code is amended to read:~~

39 ~~5082.2.—A candidate who fails an examination provided for~~
40 ~~herein shall have the right to any number of reexaminations at~~



1 subsequent examinations held by the board. The board shall adopt
2 regulations specifying the standards for passage of the
3 examination and for reexamination.

4 The board may give credit to a candidate who has passed all or
5 part of the examination in another state or territory if the members
6 of the board determine that the standards under which the
7 examination was held are as high as the standards established for
8 the examination in this chapter.

9 SEC. 13.—Section 5083 of the Business and Professions Code
10 is amended to read:

11 5083.—(a) An individual applying for licensure who meets the
12 educational requirements of Section 5081.1 shall meet, to the
13 satisfaction of the board, one of the following experience
14 requirements:

15 (1) Four years of experience if the applicant qualified to sit for
16 the exam by meeting the requirements of subdivision (b) or (c) of
17 Section 5081.1.

18 (2) Three years of experience if the applicant qualified to sit for
19 the exam by meeting the requirements of subdivision (a) or (d) of
20 Section 5081.1 or meets the requirements of Section 5082.3.

21 (b) In order to be qualifying under this section, experience shall
22 have been performed in accordance with applicable professional
23 standards. Experience in public accounting may be qualifying if
24 completed by, or in the employ of, a person licensed or otherwise
25 having comparable authority under the laws of any state or country
26 to engage in the practice of public accountancy. Experience in
27 private or governmental accounting or auditing employment may
28 be qualifying provided that this work was performed under the
29 direct supervision of an individual licensed by a state to engage in
30 the practice of public accountancy.

31 (c) The board shall prescribe rules establishing the character
32 and variety of experience necessary to fulfill the experience
33 requirements set forth in this section, including a requirement that
34 each applicant demonstrate to the board satisfactory experience in
35 the attest function as it relates to financial statements. For purposes
36 of this subdivision, the attest function includes audit and review of
37 financial statements.

38 (d) This section shall remain in effect only until January 1,
39 2005, and as of that date is repealed, unless a later enacted statute,
40 that is enacted before January 1, 2005, deletes or extends that date.



1 ~~SEC. 14. Section 5083.1 is added to the Business and~~
2 ~~Professions Code, to read:~~

3 ~~5083.1. An applicant applying for initial issuance of a license~~
4 ~~by meeting the educational requirements of Section 5081.3 shall~~
5 ~~show to the satisfaction of the board that the applicant has had one~~
6 ~~year of qualifying experience. This experience may include~~
7 ~~providing any type of service or advice involving the use of~~
8 ~~accounting, attest, compilation, management, advisory, tax,~~
9 ~~financial advisory tax or consulting skills all of which meet~~
10 ~~requirements prescribed by the board in regulations. In order to be~~
11 ~~qualifying under this section, experience shall have been~~
12 ~~performed in accordance with applicable professional standards~~
13 ~~and shall have been supervised and verified by a licensee of the~~
14 ~~California Board of Accountancy or licensee of an accountancy~~
15 ~~board of another state. Acceptable experience may be gained~~
16 ~~through employment in government, industry, or public practice.~~

17 ~~SEC. 15. Section 5084 of the Business and Professions Code~~
18 ~~is amended to read:~~

19 ~~5084. The board shall grant one year's credit toward~~
20 ~~fulfillment of its public accounting experience requirement to a~~
21 ~~graduate of a college who has completed a four-year course with~~
22 ~~45 or more semester units or the equivalent thereof in the study of~~
23 ~~accounting and related business administration subjects, of which~~
24 ~~at least 20 semester units or the equivalent thereof shall be in the~~
25 ~~study of accounting.~~

26 ~~The members of the board shall prescribe rules establishing the~~
27 ~~character and variety of experience necessary to fulfill the~~
28 ~~experience requirements set forth in this section.~~

29 ~~This section shall only apply to applicants qualifying under~~
30 ~~Section 5083.~~

31 ~~This section shall remain in effect only until January 1, 2005,~~
32 ~~and as of that date is repealed, unless a later enacted statute, that~~
33 ~~is enacted before January 1, 2005, deletes or extends that date.~~

34 ~~SEC. 16. Section 5087 of the Business and Professions Code~~
35 ~~is amended to read:~~

36 ~~5087. (a) The board may issue a certified public accountant~~
37 ~~license to any applicant who is a holder of a valid and unrevoked~~
38 ~~certified public accountant license issued under the laws of any~~
39 ~~state, if the board determines that the standards under which the~~
40 ~~applicant received the license are substantially equivalent to the~~



1 ~~standards of education, examination, and experience established~~
2 ~~under this chapter and the applicant has not committed acts or~~
3 ~~crimes constituting grounds for denial under Section 480.~~

4 (b) ~~The board may in particular cases waive any of the~~
5 ~~requirements regarding the circumstances in which the various~~
6 ~~parts of the examination were to be passed for an applicant from~~
7 ~~another state.~~

8 *SECTION 1. Section 5076 is added to the Business and*
9 *Professions Code, to read:*

10 5076. (a) *In order to renew its registration, a partnership or*
11 *corporation providing attest services, other than a small firm as*
12 *defined in Section 5000, shall complete a peer review prior to the*
13 *first registration expiration date after January 1, 2006, and no less*
14 *frequently than every three years thereafter.*

15 (b) *For purposes of this article, the following definitions apply:*

16 (1) *“Peer review” means a study, appraisal, or review*
17 *conducted in accordance with professional standards of the*
18 *professional work of a licensee or registered firm by another*
19 *licensee unaffiliated with the licensee or registered firm being*
20 *reviewed. The peer review shall include, but not be limited to, a*
21 *review of at least one attest engagement representing the highest*
22 *level of service performed by the firm and may include an*
23 *evaluation of other factors in accordance with requirements*
24 *specified by the board in regulations.*

25 (2) *“Attest services” include an audit, a review of financial*
26 *statements, an examination of prospective financial information,*
27 *and other services as the board may specify by regulation, except*
28 *that “attest services” shall not include the issuance of compiled*
29 *financial statements.*

30 (c) *The board shall adopt regulations as necessary to*
31 *implement, interpret, and make specific the peer review*
32 *requirements in this section, including, but not limited to,*
33 *regulations specifying the requirements for the approval of peer*
34 *review providers, and regulations establishing a peer review*
35 *oversight committee.*

36 *SEC. 2. Section 5081 of the Business and Professions Code is*
37 *amended to read:*

38 5081. *An applicant for admission to the examination for a*
39 *certified public accountant license shall:*



1 (a) Not have committed acts or crimes constituting grounds for
2 denial of a license under Section 480.

3 (b) File the application for the examination. An application for
4 the examination shall not be considered filed unless all required
5 supporting documents, fees, and the fully completed
6 board-approved application form are received in the board office
7 or filed by mail in accordance with Section 11003 of the
8 Government Code on or before the specified final filing date.

9 (c) Meet one of the *educational* requirements specified in
10 ~~Section 5081.1~~ *this article*.

11 *SEC. 3. Section 5081.1 of the Business and Professions Code*
12 *is amended to read:*

13 5081.1. ~~An~~ Pursuant to subdivision (b) of Section 5090, an
14 applicant for admission to the examination for a certified public
15 accountant certificate ~~shall comply~~ *may qualify for admission* with
16 one of the following:

17 (a) ~~He or she~~ *The applicant* shall present satisfactory evidence
18 that ~~he or she~~ *the applicant* has either of the following:

19 (1) A baccalaureate degree from a university, college or other
20 four-year institution of learning accredited by a regional ~~or~~
21 ~~national~~ *institutional* accrediting agency ~~or association~~ included in
22 a list of these agencies ~~or associations~~ published by the United
23 States ~~Commissioner~~ *Secretary* of Education under the
24 requirements of ~~Section 253 of the Veterans' Readjustment~~
25 ~~Assistance Act of 1952, known as Public Law 550 of the 82nd~~
26 ~~Congress, as amended~~ *the Higher Education Act of 1965 as*
27 *amended (20 U.S.C. Sec. 1001 and following)*, with a major in
28 accounting or related subjects requiring a minimum of 45 semester
29 units of instruction in these subjects. If the applicant has received
30 a baccalaureate degree in a nonaccounting major, the applicant
31 shall present satisfactory evidence of study substantially the
32 equivalent of an accounting major, including courses in related
33 business administration subjects.

34 (2) A degree or degrees from a college, university, or other
35 institution of learning located outside the United States that is
36 approved by the board as the equivalent of the baccalaureate
37 degree described in paragraph (1). The board may require an
38 applicant under this paragraph to submit documentation of his or
39 her education to a credentials evaluation service approved by the
40 board for evaluation and to cause the results of this evaluation to



1 be reported to the board. The board shall adopt regulations
2 specifying the criteria and procedures for approval of credential
3 evaluation services. These regulations shall, at a minimum,
4 require that the credential evaluation service (A) furnish
5 evaluations directly to the board; (B) furnish evaluations written
6 in English; (C) be a member of the American Association of
7 Collegiate Registrars and Admission Officers, the National
8 Association of Foreign Student Affairs, or the National
9 Association of Credential Evaluation Services; (D) be used by
10 accredited colleges and universities; (E) be reevaluated by the
11 board every five years; (F) maintain a complete set of reference
12 materials as specified by the board; (G) base evaluations only upon
13 authentic, original transcripts and degrees and have a written
14 procedure for identifying fraudulent transcripts; (H) include in the
15 evaluation report, for each degree held by the applicant, the
16 equivalent degree offered in the United States, the date the degree
17 was granted, the institution granting the degree, an English
18 translation of the course titles, and the semester unit equivalence
19 for each of the courses; (I) have an appeal procedure for applicants;
20 and (J) furnish the board with information concerning the
21 credential evaluation service that includes biographical
22 information on evaluators and translators, three letters of
23 references from public or private agencies, statistical information
24 on the number of applications processed annually for the past five
25 years, and any additional information the board may require in
26 order to ascertain that the credential evaluation service meets the
27 standards set forth in this paragraph and in any regulations adopted
28 by the board.

29 (b) ~~He or she~~ *The applicant* shall present satisfactory evidence
30 that ~~he or she~~ *the applicant* has successfully completed a two-year
31 course of *college level* study ~~at college grade~~ or received an
32 associate in arts degree from a ~~junior~~ *community* college, either
33 institution accredited by a regional or national accrediting agency
34 or association that is included in a list published by the United
35 States Commissioner of Education under the provisions of federal
36 law specified in paragraph (1) of subdivision (a), and that ~~he or she~~
37 *the applicant* has ~~studied~~ *completed a minimum of 120 semester*
38 *units which includes the study of* accounting and related business
39 administration subjects ~~for a period of at least four years.~~



1 (c) The applicant shall show to the satisfaction of the board that
2 he or she has had the equivalent of the educational qualifications
3 required by subdivision (b), or shall pass a preliminary written
4 examination approved and administered by an agency approved
5 by the California State Department of Education and shall have
6 completed a minimum of 10 semester units or the equivalent in
7 accounting subjects. The 10 semester units in accounting subjects
8 shall be completed at a college, university, or other institution of
9 higher learning accredited at the college level by an agency or
10 association that is included in a list published by the United States
11 Commissioner of Education under the federal law specified in
12 paragraph (1) of subdivision (a).

13 (d) ~~He or she~~ *The applicant* shall be a public accountant
14 registered under this chapter.

15 (e) *This section shall remain in effect only until January 1,*
16 *2006, and as of that date is repealed, unless a later enacted statute,*
17 *that is enacted before January 1, 2006, deletes or extends that date.*

18 *SEC. 4. Section 5082 of the Business and Professions Code is*
19 *amended to read:*

20 5082. An applicant for a certified public accountant license
21 ~~shall be over the age of 18 years and~~ shall have successfully passed
22 ~~written~~ examinations in ~~such~~ subjects as the board deems
23 appropriate.

24 *SEC. 5. Section 5082.1 of the Business and Professions Code*
25 *is amended to read:*

26 5082.1. All examinations provided for herein shall be held by
27 the board at such places as circumstances may warrant, and as
28 often as may be necessary in the opinion of the board. The board
29 may contract with any organization, governmental or private, for
30 examination material or services. Within 90 days after the
31 examination the board shall notify each candidate of his or her
32 ~~grade score~~. All examination ~~papers~~ *records* shall be preserved for
33 a period of at least six months after the notification of ~~grading~~
34 *scoring* and any candidate shall upon request to the board have
35 access to his or her ~~papers~~ *records*.

36 *SEC. 6. Section 5082.2 of the Business and Professions Code*
37 *is amended to read:*

38 5082.2. ~~A~~ *For candidates seeking to be reexamined pursuant*
39 *to subdivision (b) of Section 5090, a candidate who fails an*
40 *examination provided for herein shall have the right to any number*



1 of reexaminations at subsequent examinations held by the board.
2 A candidate who passes an examination in two or more subjects
3 shall have the right to be reexamined in the remaining subject or
4 subjects only, at subsequent examinations held by the board, and
5 if he or she passes in the remaining subject or subjects within a
6 period of time specified in the rules of the board, he or she shall
7 be considered to have passed the examination.

8 ~~The board may give credit to a candidate who has passed all or~~
9 ~~part of the examination in another state or territory, if the members~~
10 ~~of the board determine that the standards under which the~~
11 ~~examination was held are as high as the standards established for~~
12 ~~the examination in this chapter.~~

13 *This section shall remain in effect only until January 1, 2006,*
14 *and as of that date is repealed, unless a later enacted statute, that*
15 *is enacted before January 1, 2006, deletes or extends that date.*

16 *SEC. 7. Section 5082.3 of the Business and Professions Code*
17 *is amended to read:*

18 5082.3. An applicant for a license as a certified public
19 accountant may be deemed by the board to have met the
20 examination requirements of Section 5082, 5092, or 5093 if the
21 applicant satisfies all of the following requirements:

22 (a) The applicant is licensed or has comparable authority under
23 the laws of any country to engage in the practice of public
24 accountancy.

25 (b) The International Qualifications Appraisal Board jointly
26 established by the National Association of State Boards of
27 Accountancy and the American Institute of Certified Public
28 Accountants has determined that the standards under which the
29 applicant was licensed or under which the applicant secured
30 comparable authority meet its standards for admission to the
31 International Uniform Certified Public Accountant Qualification
32 Examination.

33 (c) The applicant has successfully passed the International
34 Uniform Certified Public Accountant Qualification Examination
35 referenced in subdivision (b).

36 *SEC. 8. Section 5082.4 of the Business and Professions Code*
37 *is amended to read:*

38 5082.4. A Canadian Chartered Accountant in good standing
39 may be deemed by the board to have met the examination
40 requirements of Section 5082, 5092, or 5093, if he or she has



1 successfully passed the Canadian Chartered Accountant Uniform
2 Certified Public Accountant Qualification Examination of the
3 American Institute of Certified Public Accountants or the
4 International Uniform Certified Public Accountant Qualification
5 Examination referenced in subdivision (b) Section 5082.3.

6 *SEC. 9. Section 5082.5 is added to the Business and*
7 *Professions Code, to read:*

8 *5082.5. The board may give credit to a candidate who has*
9 *passed all or part of the examination in another state or territory,*
10 *if the members of the board determine that the standards under*
11 *which the examination was held are as high as the standards*
12 *established for examination in this chapter.*

13 *SEC. 10. Section 5083 of the Business and Professions Code*
14 *is amended to read:*

15 *5083. (a) Pursuant to subdivision (b) of Section 5090, an*
16 *individual applying for licensure shall meet, to the satisfaction of*
17 *the board, one of the following requirements:*

18 (1) Four years of experience if the applicant qualified to sit for
19 the exam by meeting the requirements of subdivision (b) or (c) of
20 Section 5081.1.

21 (2) Three years of experience if the applicant qualified to sit for
22 the exam by meeting the requirements of subdivision (a) or (d) of
23 Section 5081.1 or meets the requirements of Section 5082.3.

24 (b) In order to be qualifying under this section, experience shall
25 have been performed in accordance with applicable professional
26 standards. Experience in public accounting may be qualifying if
27 completed by, or in the employ of, a person licensed or otherwise
28 having comparable authority under the laws of any state or country
29 to engage in the practice of public accountancy. Experience in
30 private or governmental accounting or auditing employment may
31 be qualifying provided that this work was performed under the
32 direct supervision of an individual licensed by a state to engage in
33 the practice of public accountancy.

34 ~~(c) The board shall prescribe rules establishing the character~~
35 ~~and variety of experience necessary to fulfill the experience~~
36 ~~requirements set forth in this section, including a requirement that~~
37 ~~each applicant demonstrate to the board satisfactory experience in~~
38 ~~the attest function as it relates to financial statements. For purposes~~
39 ~~of this subdivision, the attest function includes audit and review of~~
40 ~~financial statements. Qualifying experience for licensure includes~~



1 *providing any type of service or advice involving the use of*
2 *accounting, attest, compilation, management advisory, financial*
3 *advisory, tax, or consulting skills.*

4 *(d) The board shall prescribe rules related to the experience*
5 *requirements set forth in this section, including a requirement that*
6 *each applicant demonstrate to the board satisfactory experience*
7 *in the attest function as it relates to financial statements. For*
8 *purposes of this subdivision, the attest function includes audit and*
9 *review of financial statements in this section.*

10 *(e) This section shall remain in effect only until January 1,*
11 *2006, and as of that date is repealed, unless a later enacted statute,*
12 *before January 1, 2006, deletes or extends that date.*

13 *SEC. 11. Section 5084 of the Business and Professions Code*
14 *is amended to read:*

15 *5084. ~~The~~ For applicants seeking licensure pursuant to*
16 *subdivision (b) of Section 5090, the board shall grant one year's*
17 *credit toward fulfillment of its public accounting experience*
18 *requirement to a graduate of a college who has completed a*
19 *four-year course with 45 or more semester units or the equivalent*
20 *thereof in the study of accounting and related business*
21 *administration subjects, of which at least 20 semester units or the*
22 *equivalent thereof shall be in the study of accounting.*

23 *The members of the board shall prescribe rules establishing the*
24 *character and variety of experience necessary to fulfill the*
25 *experience requirements set forth in this section.*

26 *This section shall remain in effect only until January 1, 2006,*
27 *and as of that date is repealed, unless a later enacted statute, that*
28 *is enacted before January 1, 2006, deletes or extends that date.*

29 *SEC. 12. Section 5087 of the Business and Professions Code*
30 *is amended to read:*

31 *5087. (a) The board may issue a certified public accountant*
32 *license to any applicant who is a holder of a valid and unrevoked*
33 *certified public accountant license issued under the laws of any*
34 *state, if the board determines that the standards under which the*
35 *applicant received the license are substantially equivalent to the*
36 *standards of education, examination, and experience established*
37 *under this chapter and the applicant is over the age of 18 years, and*
38 *has not committed acts or crimes constituting grounds for denial*
39 *under Section 480. To be authorized to sign reports on attest*



1 *engagements, the applicant shall meet the requirements of Section*
2 *5095.*

3 (b) The board may in particular cases waive any of the
4 requirements regarding the circumstances in which the various
5 parts of the examination were to be passed for an applicant from
6 another state.

7 *SEC. 13. Section 5088 of the Business and Professions Code*
8 *is amended to read:*

9 5088. (a) Any person who is the holder of a valid and
10 unrevoked license as a certified public accountant issued under the
11 laws of any state and who applies to the board for a license as a
12 certified public accountant under the provisions of Section 5087
13 may, after application for licensure and after providing evidence
14 of qualifying continuing education, ~~engage in the practice of~~
15 ~~public accountancy~~ *perform the same public accounting services*
16 *in this state as a certified public accountant licensed under Section*
17 *5092 or 5093 until such the time as his or her application for a*
18 *license may be is granted or rejected.*

19 (b) *An applicant meeting the requirements of subdivision (a)*
20 *who certifies that he or she has met the requirements of Section*
21 *5095 may perform attest services in this state until the time his or*
22 *her application for a license is granted or rejected.*

23 *SEC. 14. Section 5090 is added to the Business and*
24 *Professions Code, to read:*

25 5090. (a) *An applicant for the certified public accountant*
26 *license shall comply with the education, examination, and*
27 *experience requirements in either Section 5092 or 5093.*

28 (b) *Notwithstanding subdivision (a), an applicant who applied*
29 *and qualified for admission to the examination for the certified*
30 *public accountant license before December 31, 2001, may*
31 *complete the examination and qualify for licensure based on the*
32 *requirements in Sections 5081.1, 5082, 5082.2, 5083, 5084, and*
33 *applicable regulations adopted by the board that were in effect on*
34 *December 31, 2001, or comparable examination requirements*
35 *adopted by the board in the event the form or format of the*
36 *examination changes, provided the applicant qualifies and applies*
37 *for licensure no later than January 1, 2006.*

38 *SEC. 15. Section 5091 is added to the Business and*
39 *Professions Code, to read:*



1 5091. At the time of application for the examination, the
2 applicant shall choose whether he or she is making an application
3 under Section 5092 or 5093. An applicant making an application
4 under Section 5093 may change and apply under Section 5092
5 without having to retake sections of the examination already
6 passed provided those sections were passed in accordance with the
7 requirements of Section 5092.

8 SEC. 16. Section 5092 is added to the Business and
9 Professions Code, to read:

10 5092. (a) To qualify for the certified public accountant
11 license, an applicant who is applying under this section shall meet
12 the education, examination, and experience requirements in
13 subdivisions (b), (c), and (d) of this section. The board may adopt
14 regulations as necessary to implement this section.

15 (b) An applicant for the certified public accountant license
16 shall present satisfactory evidence that the applicant has
17 completed a baccalaureate or higher degree conferred by a college
18 or university, meeting, at a minimum, the standards described in
19 Section 5094, the total educational program to include a minimum
20 of 24 semester units in accounting subjects and 24 semester units
21 in business related subjects. This evidence shall be provided prior
22 to admission to the examination for the certified public accountant
23 license.

24 (c) An applicant for the certified public accountant license
25 shall pass an examination in accounting, auditing, and other
26 subjects the board deems appropriate. An applicant who fails this
27 examination has the right to reexamination. During the time this
28 examination is a written or paper and pencil examination, an
29 applicant who passes two or more subjects at any examination
30 shall receive a conditional credit for those subjects and does not
31 need to sit for reexamination in those subjects. The applicant shall
32 have the right to be reexamined in the remaining subject or
33 subjects only at the six subsequent examinations immediately
34 following receipt of the conditional credit. If the remaining subject
35 or subjects are passed during the six subsequent examinations, the
36 candidate shall be considered to have passed the examination.

37 The conditional credit period provided in this section may be
38 extended by the board upon a showing of extraordinary
39 extenuating circumstances that prevented the applicant from
40 retaking the examination during this period.



1 (d) *The applicant shall show, to the satisfaction of the board,*
2 *that the applicant has had two years of qualifying experience. This*
3 *experience may include providing any type of service or advice*
4 *involving the use of accounting, attest, compilation, management*
5 *advisory, financial advisory, tax, or consulting skills. To be*
6 *qualifying under this section, experience shall have been*
7 *performed in accordance with applicable professional standards.*
8 *Experience in public accounting shall be completed under the*
9 *supervision or in the employ of a person licensed or otherwise*
10 *having comparable authority under the laws of any state or*
11 *country to engage in the practice of public accountancy.*
12 *Experience in private or governmental accounting or auditing*
13 *shall be completed under the supervision of an individual licensed*
14 *by a state to engage in the practice of public accountancy.*

15 *SEC. 17. Section 5093 is added to the Business and*
16 *Professions Code, to read:*

17 *5093. (a) To qualify for the certified public accountant*
18 *license, an applicant who is applying under this section shall meet*
19 *the education, examination, and experience requirements*
20 *specified in subdivisions (b), (c), and (d) of this section. The board*
21 *may adopt regulations as necessary to implement this section.*

22 *(b) An applicant for the certified public accountant license*
23 *shall present satisfactory evidence that the applicant has*
24 *completed at least 150 semester units of college education*
25 *including a baccalaureate or higher degree conferred by a college*
26 *or university, meeting, at a minimum, the standards described in*
27 *Section 5094, the total educational program to include a minimum*
28 *of 24 semester units in accounting subjects and 24 semester units*
29 *in business related subjects. This evidence shall be provided prior*
30 *to admission to the examination for the certified public accountant*
31 *license.*

32 *(c) An applicant for the certified public accountant license*
33 *shall pass an examination in accounting, auditing, and other*
34 *subjects the board deems appropriate. An applicant who fails this*
35 *examination has the right to reexamination. During the time this*
36 *examination is a written or paper and pencil examination, if at a*
37 *given sitting of the examination an applicant passes two or more*
38 *subjects, but does not pass all subjects, the applicant shall be given*
39 *conditional credit for those subjects and the applicant does not*



1 *need to sit for reexamination in those subjects if the applicant*
2 *meets all of the following:*

3 *(1) At that sitting the applicant sat for all subjects for which the*
4 *applicant does not have credit.*

5 *(2) The applicant attained a minimum standardized score of 50*
6 *as determined by the board on each subject taken at that sitting.*

7 *(3) The applicant passes the remaining subjects within six*
8 *consecutive examinations given after the one at which the first*
9 *subjects were passed.*

10 *(4) At each subsequent sitting at which the applicant seeks to*
11 *pass in any additional subjects, the applicant sits for all subjects*
12 *for which the applicant does not have credit.*

13 *(5) In order to receive credit for passing additional subjects in*
14 *any subsequent sitting, the applicant attains a minimum*
15 *standardized score of 50 as determined by the board on the subjects*
16 *taken at that sitting.*

17 *The conditional credit period provided in this section may be*
18 *extended by the board upon a showing of extraordinary*
19 *extenuating circumstances that prevented the applicant from*
20 *retaking the examination during this period.*

21 *(d) The applicant shall show, to the satisfaction of the board,*
22 *that the applicant has had one year of qualifying experience. This*
23 *experience may include providing any type of service or advice*
24 *involving the use of accounting, attest, compilation, management*
25 *advisory, financial advisory, tax, or consulting skills. To be*
26 *qualifying under this section, experience shall have been*
27 *performed in accordance with applicable professional standards.*
28 *Experience in public accounting shall be completed under the*
29 *supervision or in the employ of a person licensed or otherwise*
30 *having comparable authority under the laws of any state or*
31 *country to engage in the practice of public accountancy.*
32 *Experience in private or governmental accounting or auditing*
33 *shall be completed under the supervision of an individual licensed*
34 *by a state to engage in the practice of public accountancy.*

35 *SEC. 18. Section 5094 is added to the Business and*
36 *Professions Code, to read:*

37 *5094. (a) In order for education to be qualifying, education*
38 *shall meet the standards described in subdivision (b) or (c) of this*
39 *section.*



1 ***(b) At a minimum, education must be from a university, college,***
2 ***or other institution of learning accredited by a regional***
3 ***institutional accrediting agency included in a list of these agencies***
4 ***published by the United States Secretary of Education under the***
5 ***requirements of the Higher Education Act of 1965 as amended (20***
6 ***U.S.C. Sec. 1001 and following).***

7 ***(c) Education from a college, university, or other institution of***
8 ***learning located outside the United States may be qualifying***
9 ***provided it is deemed by the board to be equivalent to education***
10 ***obtained under subdivision (b). The board may require an***
11 ***applicant to submit documentation of his or her education to a***
12 ***credentials evaluation service approved by the board for***
13 ***evaluation and to cause the results of this evaluation to be reported***
14 ***to the board in order to assess educational equivalency.***

15 ***(d) The board shall adopt regulations specifying the criteria***
16 ***and procedures for approval of credential evaluation services.***
17 ***These regulations shall, at a minimum, require that the credential***
18 ***evaluation service (1) furnish evaluations directly to the board; (2)***
19 ***furnish evaluations written in English; (3) be a member of the***
20 ***American Association of Collegiate Registrars and Admission***
21 ***Officers, the National Association of Foreign Student Affairs, or***
22 ***the National Association of Credential Evaluation Services; (4) be***
23 ***used by accredited colleges and universities; (5) be reevaluated by***
24 ***the board every five years; (6) maintain a complete set of reference***
25 ***materials as specified by the board; (7) base evaluations only upon***
26 ***authentic, original transcripts and degrees and have a written***
27 ***procedure for identifying fraudulent transcripts; (8) include in the***
28 ***evaluation report, for each degree held by the applicant, the***
29 ***equivalent degree offered in the United States, the date the degree***
30 ***was granted, the institution granting the degree, an English***
31 ***translation of the course titles, and the semester unit equivalence***
32 ***for each of the courses; (9) have an appeal procedure for***
33 ***applicants; and (10) furnish the board with information***
34 ***concerning the credential evaluation service that includes***
35 ***biographical information on evaluators and translators, three***
36 ***letters of references from public or private agencies, statistical***
37 ***information on the number of applications processed annually for***
38 ***the past five years, and any additional information the board may***
39 ***require in order to ascertain that the credential evaluation service***



1 *meets the standards set forth in this subdivision and in any*
2 *regulations adopted by the board.*

3 *SEC. 19. Section 5095 is added to the Business and*
4 *Professions Code, to read:*

5 *5095. (a) To be authorized to sign reports on attest*
6 *engagements, a licensee shall complete a minimum of 500 hours*
7 *of experience, satisfactory to the board, in attest services.*

8 *(b) To be qualifying under this section, attest experience shall*
9 *have been performed in accordance with applicable professional*
10 *standards. Experience in public accounting shall be completed*
11 *under the supervision or in the employ of a person licensed or*
12 *otherwise having comparable authority under the laws of any state*
13 *or country to engage in the practice of public accountancy and*
14 *provide attest services, and this experience shall be verified by that*
15 *person. Experience in private or governmental accounting or*
16 *auditing shall be completed under the supervision of an individual*
17 *licensed by a state to engage in the practice of public accountancy*
18 *and perform attest services, and this experience shall be verified*
19 *by that person. An applicant may be required to present work*
20 *papers or other evidence substantiating that the applicant has met*
21 *the requirements of this section and applicable regulations.*

22 *(c) An individual who qualified for licensure by meeting the*
23 *requirements of Section 5083 shall be deemed to have satisfied the*
24 *requirements of this section.*

25 *(d) The board shall adopt regulations to implement this section,*
26 *including, but not limited to, a procedure for applicants under*
27 *Section 5092 or Section 5093 to qualify under this section at the*
28 *time of licensure.*

29 *SEC. 20. This act shall become operative only if Senate Bill*
30 *No. 133 of the 2001–02 Regular Session is enacted and becomes*
31 *effective on or before January 1, 2002.*

