

Mobility

The CPA profession is built on the core values of integrity, independence, objectivity, lifelong learning and public protection. As a result of our profession's ability to deliver on this promise, CPAs are considered the most trusted business and financial advisers. As such, CPAs provide many services to consumers, including tax consulting and preparation, business consulting, forensic accounting, expert witness testimony, technology consulting, etc. Of the varied services CPAs provide, **only one service requires that CPAs be licensed by the state of California, attest work—audits and reviews.**

In addition to the controls and oversight inherent in the profession, California law provides substantial consumer protection since any service provided by a CPA using the title CPA can be subject to the California Board of Accountancy's review and discipline.

For at least 40 years, prior to January 1, 2006 -of-state CPAs were allowed to provide all services except an audit in California without having a California CPA license and without notifying the California Board of Accountancy that they were providing the services. The services were provided under a temporary and incidental statutory exemption. No consumer protection problems were reported that related to this practice.

The law was changed effective January 2006 because the auditor rotation requirements created by Sarbanes Oxley required more rapid movement of auditors and full licensing by California of CPA auditors was no longer feasible. The minute California's law requiring that out-of-state CPAs, with few exceptions, provide notice to the CBA prior to rendering service to California clients went into effect, there was a national outcry. In response California enacted legislation to reinstate the incidental and temporary exemption through 2011. Because of California's experience a new national model was developed that eliminated the advance notice requirements for all services except for audit services. Four states already had such laws and no consumer harm has occurred.

The mobility proposal contained in AB 2473 would continue to require that any out-of-state CPA performing an audit of an entity headquartered in California to register with the California Board of Accountancy. The other services that CPAs provide in competition with unlicensed individuals would not require registration with the CBA, but if a California consumer has a complaint, the CBA would be empowered to take action against the out-of-state CPA including levying fines, barring from future business in California and referral to that CPA's home state accountancy board.

CPAs are not inexpensive providers of these "other services." They are chosen by clients based on personal referrals from other professionals or clients, and face-to-face relationships built over time—not through internet searches or advertising. CPA clients are generally sophisticated, educated and affluent.

Current law already exempts out-of-state CPAs from a registration requirement when they are providing tax preparation services to individuals for their personal returns. AB 2473 did not propose to change this.

Current law also excludes foreign CPA equivalents from registration requirements when they are working under their country's professional standards on engagements related to their country (i.e., foreign companies with businesses located in California). AB 2473 did not propose to change this exemption.

Prior to Jan. 1, 2006, out-of-state CPAs were free to practice temporarily in California with the only restriction being that if the firm was performing an audit in California, there was an expectation that the firm would be registered in California and at least one partner would be licensed in this state.

AB 2473 provides for both consumer protection and taxpayer choice. It is part of a national effort by all state boards of accountancy to conform the regulation of CPAs to a national standard that provides seamless, uniform consumer protection.

Business interests flow across state lines. CPAs who provide services to businesses must be able to support their clients without jumping through unnecessary and artificial regulatory hoops.

The smallest California CPA firm has clients with business and personal interests outside this state and, with increasing frequency, outside this country.

Seamless consumer protection and consumer choice is essential. AB 2473 extends the reach of the California Board of Accountancy to ensure consumer protection and choice.

Only out-of-state CPAs meeting the highest licensing and performance standards would be allowed to provide services to their clients in California under California's proposed mobility law without registering with the CBA.

A similar system has been in place in Ohio since 1964 and there have been no consumer or client issues.