

The Board of the Texas State Board of Public Accountancy is holding a meeting by online video conference call pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. The Presiding Officer of the Board will be present at the 505 E. Huntland Drive location for the entirety of the meeting. In the alternative, the public may attend the meeting virtually using the following link.

Topic: Board Meeting

Time: Nov 9, 2023 10:00 AM Central Time (US and Canada)

<https://www.zoomgov.com/j/1609542556?pwd=SVBML1lqdUluc0psSnplSHgwT011dz09>

Meeting ID: 160 954 2556

Passcode: 402109

One tap mobile

+16468287666,,1609542556# US (New York)

Dial by your location

• +1 646 828 7666 US (New York)

Meeting ID: 160 954 2556

Texas State Board of Public Accountancy Meeting Schedule

	November 8, 2023		November 9, 2023
COMMITTEE	Rules/CPE/Licensing	Executive	Board
TIME	1:30 PM	2:30 PM	10:00 AM
PLACE	HYBRID	HYBRID	HYBRID
LIAISON	HILL	TREACY/ SCHWIMMER-STAGGS	TREACY

ADAMS ¹			✓
CLARK ²	✓		
CRAWFORD ¹			✓
ESPINOZA-RILEY ¹	✓ (CPE/License Chair)	✓	✓
FOSHEE ¹	✓		✓
GANDHI ¹	✓		✓
GARCIA ¹	✓ (Rules Chair)	✓	✓
GRANT ¹	✓	✓	✓
HOLUP ¹		✓	✓
KABELL ²	✓		
KOCH ¹	✓	✓	✓
MERKET ¹	✓		✓
NEUHOFF ¹	✓		✓
PEÑA ²	✓		
SEEFELD ¹		✓ (Chair)	✓ (Chair)
SMITH ¹	✓	✓	✓
STEPHENS ²	✓		
VALLÉS-PANKRATZ ¹			✓
WARREN ¹	✓		✓

¹ Board Member

² Advisory Member

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
BOARD MEETING AGENDA
NOVEMBER 9, 2023

- I. CALL TO ORDER AND ROLL CALL – 10:00 A.M., NOVEMBER 9, 2023I-1**
- II. APPROVAL OF THE SEPTEMBER 14, 2023 BOARD MEETING MINUTESII-1**
- III. PUBLIC COMMENT.....III-1**
- IV. CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE IV-1**
 - A. Review and possible action on the Board’s financial statements
 - B. Review of NASBA/AICPA matters
 - 1. Report on the 116th NASBA Annual Meeting
October 29 – November 1, 2023 – New York, NY
 - 2. NASBA Committee Assignments
 - C. Review of general correspondence
- V. CONSIDERATION OF REPORT OF THE JOINT RULES, LICENSING, AND CPE COMMITTEE MEETING.....V-1**
 - A. Discussion, consideration, and possible action concerning proposed revisions to Board Rules 511.52 - *Recognized Institutions of Higher Education*, 511.53 - *Evaluation of International Education Documents*, 511.58 - *Definitions of Related Business Subjects to take the UCPAE*, 511.59 - *Definition of 120 Semester Hours to take the UCPAE*, 511.60 - *Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE*, 511.80 - *Granting of Credit*, 511.87 - *Loss of Credit*, and 511.164 - *Definition of 150 Semester Hours to Qualify for Issuance of a Certificate*.
 - B. Discussion, consideration, and possible action concerning the proposed adoption of amendments to Board Rule 511.57 - *Qualified Accounting Courses to take the UCPAE*.
 - C. Discussion, consideration, and possible action concerning proposed revisions to Board Rule 515.5 - *Reinstatement of a Certificate or License in the Absence of a Violation of the Board's Rules of Professional Conduct*, 515.11 - *Licensing for Military Service Members, Military Veterans, and Military Spouses*, and new Chapter 516 - *Military Service Members, Spouses and Veterans*.
 - D. Discussion, consideration, and possible action on private equity ownership.
 - E. Update on December 9, 2023 Swearing-in Ceremony.
 - F. Discussion, consideration, and possible action on two ethics course submittals.
 - G. Discussion, consideration, and possible action in regards to the proposed changes to the NASBA/AICPA – Statement on Standards for Continuing Professional Education (CPE) Programs.

- H. Discussion, consideration, and possible action the suspension of Global CPE's registration authorizing it to provide continuing professional education to Texas licensees.
- I. Schedule next meeting.

VI. CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE QUALIFICATIONS COMMITTEE MEETING.....VI-1

SEPTEMBER 13, 2023

Discussion, consideration, and possible action on a draft proposal described as the Applicant Reassessment Program (ARP).

SEPTEMBER 22, 2023

- A. Discussion, consideration, and possible action on Board *Rule 511.57 – Qualified Accounting Courses to take the UCPAE*.
 - a. Comment letters relating to accounting/tax research and analysis – 511.57(g)
 - b. Intermediate accounting – 511.57 (e)(1)(A).
- B. Discussion, consideration, and possible action on Board *Rule 511.58 – Definition of Related Business Subjects to take the UCPAE*.
- C. Discussion, consideration, and possible action on the Accounting Student Scholarship Program for FY 2023-24.
- D. Report on communications to CPA Exam candidates.
- E. Report on the implementation of the education requirements in the Public Accountancy Act – 2023.
- F. Discussion, consideration, and possible action related to the utilization of Prometric test centers.
- G. Discussion, consideration, and possible action on the NASBA/AICPA Experience, Learn and Earn Program (ELE).
- H. Discussion, consideration, and possible action on the education submitted for applicant 0287395.
- I. Discussion, consideration, and possible action on the education submitted for applicant 0287623.
- J. Report of Qualifications statistical information for FY 2022-23.
- K. Discussion, consideration, and possible action on the update of the Board's Rules of Professional conduct Exam as required for CPA certification.
- L. Review of correspondence from NASBA.

VII. CONSIDERATION OF REPORT FROM THE PEER ASSISTANCE OVERSIGHT COMMITTEE VII-1

VIII. CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE BEHAVIORAL ENFORCEMENT COMMITTEE..... VIII-1

June 13, 2023

A. Dismissals – Voluntary Compliance

1. Investigation Nos. 23-03-07L & 23-03-08L
2. Investigation Nos. 23-03-02L & 23-03-03L

B. Other – Status report

October 18, 2023

A. Dismissals – Insufficient Evidence

1. Investigation Nos. 23-08-04L & 23-08-05L
2. Investigation Nos. 23-07-04L & 23-07-05L
3. Investigation Nos. 23-06-03L & 23-06-04L
4. Investigation No. 23-08-06L

B. Other – Status report

IX. CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE TECHNICAL STANDARDS REVIEW COMMITTEE..... IX-1

September 27, 2023

- Other – Status report

A. Dismissals – Insufficient evidence with a letter of comment

File Nos: 22-09-04L; 22-09-05L; 22-09-08L; 22-09-18L; 22-09-20L; 22-09-21L; 22-09-23L; 22-09-28L; 22-09-34L; 22-09-35L; 22-09-37L; 22-09-38L; 22-09-39L; 22-09-46L; 22-09-47L

B. Dismissals – Insufficient evidence

File Nos: 22-09-01L; 22-09-06L; 22-09-09L; 22-09-12L; 22-09-13L; 22-09-14L; 22-09-15L; 22-09-26L; 22-09-27L; 22-09-30L; 22-09-32L; 22-09-41L; 22-00-44L; 22-09-48L; 22-09-49L; 22-09-50L; 22-09-52L; 22-09-53L

C. Other – Status report

X. DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON AGREED CONSENT ORDERS, ADMINISTRATIVE DISCIPLINARY ACTIONS, AND A PROPOSAL FOR DECISION X-1

A. Behavioral Enforcement Committee

- Investigation No. 19-06-01L

Technical Standards Review Committee

1. Investigation No. 22-12-06L
2. Investigation No. 23-06-05L

B. Administrative Disciplinary Actions

1. Investigation Nos. 23-06-10001 – 23-06-10087
2. Investigation Nos. 23-07-10001 – 23-07-10073
3. Investigation Nos. 23-06-10088 – 23-06-10247
4. Investigation Nos. 23-07-10074 – 23-07-10233
5. Investigation Nos. 23-06-10248 – 23-06-10264
6. Investigation Nos. 23-07-10234 – 23-07-10243

C. Proposal for Decision

- Richard Francis Chesebro & Richard F. Chesebro, CPA, PC

XI. ADOPTION OF BOARD RULES..... XI-1

1. 511.57 (*Qualified Accounting Courses to take the UCPAE*)
2. 527.5 (*Deficient Reviews*)

XII. REVIEW OF FUTURE MEETINGS/HEARING SCHEDULES XII-1

XIII. ADJOURNMENT..... XIII-1

<p style="text-align: center;">Agenda Item I Call to Order and Roll Call November 9, 2023</p>
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- I. **DISCUSSION:** The meeting will be called to order, *en banc*, by video conference or in-person at 10:00 a.m., November 9, 2023 in the Board's office, at which time the roll will be called.

RECOMMENDATION: None required

SUGGESTED MOTION: None required

<p style="text-align: center;">Agenda Item II Approval of the September 14, 2023 Minutes November 9, 2023</p>
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- I. **DISCUSSION:** The enclosed minutes of the September 14, 2023 Board meeting were kept in accordance with established procedures and reflect the business conducted.

RECOMMENDATION: The staff recommends that the minutes of the September 14, 2023 Board meeting be approved as submitted/amended.

SUGGESTED MOTION: That the minutes of the September 14, 2023 Board meeting be approved as submitted/amended.

Texas State Board of Public Accountancy

September 14, 2023

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:19 a.m. on September 14, 2023. A notice of this meeting containing all items on the agenda, in accordance with *Section 551.127* of the *Texas Government Code* and the Governor's suspension of certain provisions of *Section 551.127* of the *Government Code*, was filed with the Office of the Secretary of State at 3:38 p.m. on September 1, 2023. (TRD #2023-005105) (ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
Kimberly D. "Kim" Crawford, CPA
Olivia Espinoza-Riley, CPA
Treasurer
Renee D. Foshee, Esq., CPA
Himesh M. Gandhi, Esq.
Ray R. Garcia, CPA
Executive Committee
Member-at-Large
Jamie D. Grant
Executive Committee
Member-at-Large
Jill A. Holup
Executive Committee
Member-at-Large
Kevin J. Koch, CPA
Assistant Presiding Officer
Sherri B. Merket
Thomas M. Neuhoﬀ, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Secretary
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Others Present

Kenneth Besserman, Esq.
Dr. Felicia Farrar, CPA
Lorna Harrison

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
John Moore, Esq.
Brian O'Neal
Julie Prien
Marisa Rios
Lorna Schwimmer-Staggs, CPA
William Treacy
Daniel Weaver

- I. Ms. Seefeld, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.
- II. Ms. Warren moved to approve the July 13, 2023 Board meeting minutes as presented. Mr. Koch seconded the motion and it passed unanimously.
- III. After a call for public comments, there were no comments from the public.
- IV. Ms. Seefeld, Presiding Officer, reported on the September 13, 2023 (video conference and in-person) Executive Committee meeting.

Members Present

Ray R. Garcia, CPA (in-person)
Jamie D. Grant
Jill A. Holup
Kevin J. Koch, CPA
(in-person)
Olivia Espinoza-Riley, CPA
(in-person)
Debra D. Seefeld, CPA
Chair (in-person)
Jeannette P. Smith, CPA

Others Present

Kenneth Besserman, Esq.
Charles Cooley
Renee D. Foshee, Esq., CPA

Staff Present

Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy
Daniel Weaver

- A. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Crawford moved to approve the Board's financial statements as presented. Mr. Koch seconded the motion and it passed unanimously.
- B. Ms. Espinoza-Riley, Treasurer, presented the Board's other financial matters:

1. Ms. Espinoza-Riley presented the Board's Fee Schedule for FY 2024, with the fees previously included as part of the approved FY 2024 budget. Ms. Crawford moved to approve the Board's Fee Schedule for FY 2024. Mr. Koch seconded the motion and it passed unanimously.
 2. Ms. Espinoza-Riley presented the budget overview that was approved at the July meeting.
 3. Ms. Espinoza-Riley presented the lists of approved FY 2023 contracts and FY 2024 contracts.
- C. Consideration of FY 2024 professional service contracts for CPA consultants:
1. Mr. Hill, General Counsel, presented Peter DelVecchia's contract. Mr. Koch, moved to approve Peter DelVecchia's professional service contract for FY 2024. Ms. Espinoza-Riley seconded the motion and it passed unanimously.
 - Peter DelVecchia, CPA 9/1/23 – 8/31/24 \$25,000
 2. Mr. Hill, General Counsel, presented Patrick Cantrell's contract. Mr. Koch, moved to approve Patrick Cantrell's Professional service contract for FY 2024. Mr. Garcia seconded the motion and it passed. Ms. Seefeld recused herself from consideration of the contract with Patrick Cantrell, CPA.
 - Patrick Cantrell, CPA 9/1/23 – 8/31/24 \$10,000
- D. Ms. Seefeld, Presiding Officer, reported on the following NASBA/AICPA matters:
- NASBA dates of interest:
 - a. NASBA's 116th Annual Meeting October 29 – November 1, 2023 – New York, NY
 - Additional NASBA Matters
 - b. NASBA Nominating Committee Announces Slate of Officers
 - c. NASBA Letter on Credit Relief Initiative
- E. Ms. Seefeld, Presiding Officer, presented the Committee and Board meeting dates for calendar year 2024 and reminded Board members about what constitutes an excused absence. Dan Weaver reported that due to a scheduling conflict, the Swearing-in Ceremony scheduled for December 7, 2024 will need to be rescheduled for possibly January 18, 2025.
- F. Ms. Seefeld, Presiding Officer, reported on general correspondence coming to the Board's attention.
- V. Mr. Garcia, Rules and Peer Review Committee Chair, reported on the September 13, 2023 (video conference and in-person) Joint Rules and Peer Review Committee meeting.

Members Present

Kimberley Crawford, CPA
Renee Foshee, CPA
Ray Garcia, CPA
Chair
Kevin Koch, CPA
Laura Lambert, CPA
Ben Peña, CPA
Debra Seefeld, CPA
ex officio
Jeannette P. Smith, CPA
Susan Warren, CPA

Members Absent

Himesh Gandhi, Esq.
Robert McAdams, CPA

Others Present

Tom Akin, CPA
Kenneth Besserman, Esq.
Edie Cogdell, CPA
Charles Cooley, CPA
Robert Goldstein, CPA
Jennifer Johnson
Maninder Kaur
Dipesh Patel, CPA
Melanie Thompson, CPA

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Ann Hallam

J. Randel Hill, Esq.
Donna Hiller
Amy Kulik
John Moore, Esq.
Brian O'Neal
Marisa Rios

Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy
Daniel Weaver

- A. Ms. Warren moved to adopt Board *Rule 511.56 – Educational Qualifications under Act* as presented. Mr. Koch seconded the motion and it passed unanimously. The Board tabled action on *Rule 511.57 – Qualified Accounting Courses* until the Qualifications Committee has had the opportunity to consider the comments at its September 22, 2023 meeting. (**ATTACHMENT 2**)
- B. Ms. Espinoza-Riley moved to adopt Board *Rules 511.80 – Granting of Credit* and *511.83 – Granting of Credit by Transfer of Credit*. Ms. Merket seconded the motion and it passed unanimously. (**ATTACHMENT 3**)
- C. Ms. Crawford moved that the Board authorize the executive director to publish the proposed amendments to Board *Rule 527.5 – Deficient Reviews* in the *Texas Register* for public comment. Ms. Warren seconded the motion and it passed unanimously. (**ATTACHMENT 4**)
- D. Mr. Garcia reported that the next committee meeting is scheduled for November 8, 2023 at 1:30 p.m.
- VI. Ms. Foshee, Qualifications Committee Chair, reported on the September 13, 2023 (video conference and in-person) Qualifications Committee meeting.

Members Present

Renee Foshee, Esq, CPA
Chair
Kevin Koch, CPA
Marshall Pitman, Ph.D., CPA
Debra D. Seefeld, CPA
ex officio
Jeannette Smith, CPA
Veronda Willis, Ph.D., CPA

Members Absent

Caroline Hartmann, CPA
Sheila Valles-Pankratz
Kathy Zolton, CPA

Others Present

Kenneth Besserman, Esq.
Kimberly Crawford, CPA
Ray Garcia, CPA
Maninder Kaur
Mary Valerie Reeves, CPA

Staff Present

Paulette Beiter, Esq.
Ann Hallam, PMP
Telisa Harwell
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

- Ms. Crawford moved to approve a draft proposal described as the Applicant Reassessment Program (ARP). Mr. Koch seconded the motion and it passed unanimously.
- Rules Committee to meet in an expedited manner, to consider *Chapter 511* rules.
- VII. Ms. Smith, Behavioral Enforcement Committee Chair, reported on the following meeting:

August 15, 2023 (Video conference and in-person)

Members Present

Susan I. Adams, CPA
(in-person)
Charles B. Allison, CPA
Patricia C. Culver, CPA
Patrick Durio, CPA
Jill A. Holup

Phillip D. Johnson, CPA
Kevin J. Koch, CPA
(in-person)
Debra S. Sharp
Jeannette P. Smith, CPA

Staff Present

Paulette Beiter, Esq.
John Moore, Esq.
J. Randel Hill, Esq.

- A. Dismissals – Insufficient evidence

Mr. Gandhi moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Foshee seconded the motion and it passed. The BEC committee members did not participate in the vote.

1. Investigation Nos. 23-05-08L¹ and 23-05-09L¹
2. Investigation Nos. 23-04-01L¹ and 23-04-02L¹
3. Investigation Nos. 23-02-01L¹ and 23-02-02L¹

B. Removal of Limited Scope:

- Ms. Foshee moved to remove the Limited Scope from **Investigation No. 08-03-05L¹**. Ms. Merket seconded the motion and it passed. The BEC committee members did not participate in the vote.

C. Other – The committee considered other matters during this meeting; however, these matters did not require Board action at this time.

VIII. Mr. Garcia, Technical Standards Review Committee Chair, reported on the following committee meeting:

July 27, 2023 – (Zoom)

Members Present

Kimberley Crawford, CPA
Ray R. Garcia, CPA
Jamie D. Grant
Douglas Koval, CPA
Sheila Vallés-Pankratz
Juliet Williams, CPA
Susan Warren, CPA

Member Absent

Dilliana M. Stewart, CPA

Staff Present

J. Randel Hill, Esq.
John Moore, Esq.

A. Dismissal

- Mr. Koch moved to dismiss **Investigation No. 22-11-12L²** due to insufficient evidence of a violation of the *Act* and the *Rules*. Ms. Foshee seconded the motion and it passed. The TSR committee members did not participate in the vote.

B. Other – The committee considered other matters during this meeting; however, these matters did not require Board action at this time.

IX. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **AGREED CONSENT ORDERS (ACO)**

TECHNICAL STANDARDS REVIEW COMMITTEE (TSR)

Mr. Koch moved to approve the following ACOs as presented. Mr. Neuhoﬀ seconded the motion and it passed. The TSR Board members did not participate in the vote.

1. **Investigation No.: 22-10-15L²**

Respondent: Mark Charles Kelly

Rule Violations: 501.60, 501.61, 501.90(7)

Act Violations: 901.502(6), 901.502(9), 901.502(11)

Hometown: Prosper, TX
Certificate No.: 120897

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked. Respondent was also assessed an administrative penalty of \$20,000 and administrative costs of \$942.93.

Respondent entered into an agreed Cease and Desist Order with the Securities and Exchange Commission. Respondent, as the Controller and Chief Accounting Officer of a public company, was involved in improper earnings management practices for the public company.

2. **Investigation No.: 22-11-11L²**
Respondent: John Shepard Hammett
Rule Violations: 501.60, 501.61
Act Violations: 901.502(6), 901.502(11)

Hometown: Plano, TX
Certificate No.: 016472

Respondent entered into an ACO with the Board whereby Respondent was reprimanded. Respondent would also be placed on limited scope if and when he comes out of retirement requiring him to have a pre-issuance review of any attest services.

Respondent issued audited financial statements for a commercial oil and gas company that failed to meet generally accepted auditing standards and generally accepted accounting principles.

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

Ms. Smith moved to approve the following Administrative Disciplinary Actions as presented. Ms. Holup seconded the motion and it passed unanimously.

1. Respondents: In the Matter of Disciplinary Action Against Certain Licensees for Nonpayment of Licensing and Late Fees for Three Consecutive License Periods

The Respondents failed to pay their licensing fees for three consecutive license periods. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the certificate of each Respondent still not in compliance be revoked without prejudice. Each Respondent may regain his or her certificate by paying all license fees and late fees and by otherwise coming into compliance with the *Act*. Respondents violated *Act Section 901.502(4) (failure to pay license fees for three consecutive years)*. (ATTACHMENT 5)

No Board committee considered these actions.

Investigation Numbers

- 1. 23-04-10001 - 23-04-10092
- 2. 23-05-10001 - 23-05-10094

2. Respondents: In the Matter of Disciplinary Action Against Certain License Holders for CPE Delinquencies

The Respondents failed to comply with CPE reporting requirements found in Chapter 523 of the *Rules* and *Act Section 901.411 (Continuing Professional Education)*. The Respondents, although provided with a preliminary report and having been notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the license of each Respondent still not in compliance be suspended for a period of three years, or until he or she complies with the licensing requirements of the *Act*, whichever is sooner. Additionally, staff recommends a \$100 penalty be imposed for each year a Respondent is not in compliance with the Board's CPE requirements. Respondents violated Board *Rules 501.94 (Mandatory CPE)* and *523.111 (Required CPE Reporting)*, and *Act Section 901.411*. (ATTACHMENT 6)

No Board committee considered these actions.

Investigation Numbers

- 3. 23-04-10093 - 23-04-10227
- 4. 23-05-10095 - 23-05-10265

3. Respondents: In the Matter of Disciplinary Action Against Certain Certificate Holders for Failure to Complete License Notice

The Respondents failed to complete their license renewal notices in accordance with Board *Rule 515.3 (License Renewals for Individuals and Firm Offices)*. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends the certificate of each Respondent not in compliance be revoked without prejudice until such time as the Respondent complies with the requirements of the *Rules* and the *Act*. Respondents violated *Act Section 901.502(12) (Violations of Board Rules)*. (ATTACHMENT 7)

No Board committee considered these actions.

Investigation Numbers

5. 23-04-10228 - 23-04-10240

6. 23-05-10266 - 23-05-10287

- X. Ms. Crawford moved to adopt the following Board *Rules* as presented. Ms. Merket seconded the motion and passed unanimously.

1. *Section 511.22 (Initial Filing of the Application of Intent)* (ATTACHMENT 8)
2. *Section 511.52 (Recognized Institutions of Higher Education)* (ATTACHMENT 9)
3. *Section 511.53 (Evaluation of International Education Documents)* (ATTACHMENT 10)
4. *Section 511.54 (Recognized Texas Community Colleges)* (ATTACHMENT 11)
5. *Section 511.56 (Educational Qualifications under the Act to take the UCPAE)* (PREVIOUSLY APPROVED IN AGENDA ITEM V-A)
6. *Section 511.57 (Qualified Accounting Courses to take the UCPAE)* (TABLED ITEM V-A NO ACTION TAKEN)
7. *Section 511.58 (Definitions of Related Business Subjects to take the UCPAE)* (ATTACHMENT 12)
8. *Section 511.59 (Definition of 120 Semester Hours to take the UCPAE)* (ATTACHMENT 13)
9. *Section 511.60 (Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE)* (ATTACHMENT 14)
10. *Section 511.73 (Notice to Applicant to Schedule Taking a CPA Exam Section)* (ATTACHMENT 15)
11. *Section 511.80 (Granting of Credit)* (PREVIOUSLY APPROVED IN AGENDA ITEM V-B)
12. *Section 511.83 (Granting of Credit by Transfer of Credit)* (PREVIOUSLY APPROVED IN AGENDA ITEM V-B)
13. *Section 511.122 (Acceptable Work Experience)* (ATTACHMENT 16)
14. *Section 511.161 (Qualifications for Issuance of a Certificate)* (ATTACHMENT 17)
15. *Section 511.164 (Definition of 150 Semester Hours to Qualify for Issuance of a Certificate)* (ATTACHMENT 18)
16. *Section 520.1 (Authority and Purpose)* (ATTACHMENT 19)
17. *Section 520.3 (Institutions)* (ATTACHMENT 20)
18. *Section 520.4 (Eligible Students)* (ATTACHMENT 21)
19. *Section 520.5 (Award Amounts and Uses)* (ATTACHMENT 22)
20. *Section 521.14 (Eligibility Fee)* (ATTACHMENT 23)

- XI. Ms. Seefeld reviewed the meeting schedule for the year.

- XII. Ms. Seefeld adjourned the meeting at 11:19 a.m.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Jeannette P. Smith, CPA, Secretary

¹Ms. Adams, Ms. Holup, Mr. Koch, and Ms. Smith recused themselves from participating in this matter.

²Ms. Crawford, Mr. Garcia, Mr. Grant, Ms. Vallés-Pankratz, and Ms. Warren recused themselves from participating in this matter.

<p style="text-align: center;">Agenda Item III Public Comment November 9, 2023</p>

- I. **DISCUSSION:** Persons wishing to offer public comment to the Board will be given an opportunity to do so at this time.

RECOMMENDATION: None required

SUGGESTED MOTION: None required

<p style="text-align: center;">Agenda Item IV Report of the Executive Committee November 8, 2023</p>

A. **Review and possible action on the Board's financial statements**

B. **Review of NASBA/AICPA matters:**

1. Report on 116th NASBA Annual Meeting
October 29 – November 1, 2023 – New York, NY

2. NASBA Committee Assignments

C. **Review of general correspondence**

<p style="text-align: center;">Agenda Item IV Report of the Executive Committee November 8, 2023</p>

A. Review and possible action on the Board's financial statements

DISCUSSION: Ms. Espinoza-Riley, Treasurer, will present the Board's financial statements.

RECOMMENDATION: The staff recommends that the Board's financial statements be approved as presented.

SUGGESTED MOTION: That the Board's financial statements be approved as presented.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

Financial Overview

For the 12 Months Ending August 31, 2023

Annual Budget						
	Actual	Annual Budget	Variance	Percent Remaining	Target	Variance
Revenues - YTD	\$ 7,534,188	\$ 7,347,979	\$ (186,208)	-2.53%	0.00%	2.53%
Expenditures - YTD	\$ (5,639,889)	\$ (6,851,542)	\$ 1,211,653	17.68%	0.00%	17.68%
Net - YTD	1,894,298	496,437	\$ 1,397,861	-281.58%	0.00%	281.58%
Transfer Out - SDSI annual payment	\$ (703,344)	\$ (703,344)	\$ -	0.00%	0.00%	0.00%
Net Increase/(Reduction) in Fund Balance	\$ 1,190,954	\$ (206,907)	\$ 1,397,861	675.6%	0.00%	675.60%
<p>Revenues: See <i>Revenue Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> ● Revenue collected over budget by 2.53% <ul style="list-style-type: none"> ➔ CPE sponsor and exam revenues are under budget; other collections and late fees are over budget - see Revenue Budget Report <p>Expenditures: See <i>Expenditure Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> ● Expenditures under budget by 17.68% <ul style="list-style-type: none"> ➔ See <i>Expenditure Budget Summary</i> for discussion of budget items. 						

Revenues and Expenditures and Changes in Fund Balance				
	Current Year	Prior Year	Difference	% Difference
Beginning Fund Balance 9/01/2022	\$ 5,728,242	\$ 5,626,651		
Revenues	7,534,143	6,333,325	1,200,818	19.0%
Expenditures	(5,669,151)	(8,896,229)	(3,227,078)	-36.3%
Other Financing Sources (Uses)	(704,945)	2,664,495	3,369,440	-126.5%
Ending Fund Balance 8/31/23	\$ 6,888,289	\$ 5,728,242		
net increase/(reduction) in FB	\$ 1,160,047	\$ 101,591		
Budgeted Ending Fund Balance	\$ 5,915,635	\$ 5,056,358		
<p>* EXH II revenues include refunds of prior-year revenue of \$45. EXH II expenditures include FY 21 and 22 expenditures of \$38,214.06 and Encumbrances of \$8,952.67. Prior year EXH II expenditures and other financing sources include right-to-use lease expenditures and an increase in lease obligations of \$3,367,839.30 for the first year of GASB 87 implementation that do not represent outflows/inflows of cash.</p>				

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Performance Measures
For the 12 Months Ending August 31, 2023

Performance Measures:

	Sept. 22-Nov. 22	Dec. 22-Feb. 23	Mar. 23-May 23	June 23-Aug. 23				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD	Target	%	FY 22
Exam Related Measures:								
Individuals examined within one quarter	2,225	2,238	2,180	2,845	9,488	11,616	82%	9,472
Sections taken	2,850	2,718	3,064	3,931	12,563	14,861	85%	12,289
Average sections taken per individual per quarter	1.28	1.21	1.41	1.38	1.32	1.28	103%	1.30
Licensing Related Measures:								
Number of individuals licensed	77,847	77,982	78,210	78,270	not cumulative	81,947	96%	77,957
Number of business facilities licensed (firms) ^a	8,599	8,590	8,533	8,509	not cumulative	8,704	98%	8,677
Peer Review Related Measures:								
Number of accounting firms subject to peer review	1,983	1,939	1,900	1,859	not cumulative	1,900	98%	1,996
Number of Peer Reviews Conducted	193	173	186	62	614	627	98%	668
Percentage of accounting firms reviewed	9.7%	8.9%	9.8%	3.3%	33.0%	33%	100%	33.5%
Percentage of accounting firms receiving favorable review	83.4%	79.8%	79.6%	64.5%	79.3%	82.9%	96%	86.8%
Number of peer reviews examined by the Peer Review Oversight	193	173	186	62	614	627	98%	668
Sponsor Review Program Related Measures:								
Number of CPE Sponsors Reviewed	22	37	32	25	116	156	74%	146
Number of CPE Sponsors Subject to Review	391	395	394	403	not cumulative	461	87%	400
Enforcement Related Measures:								
Administrative:								
Open violations, beginning	1,387	1,190	1,487	1,114	1,387			1,590
Violations opened	2,501	849	798	791	4,935			3,270
Violations closed	(2,689)	(552)	(1,168)	(498)	(4,909)			(3,451)
Previous quarter adjustment	(9)		(3)	(23)	(29)			(22)
Open violations, ending	1,190	1,487	1,114	1,384	1,384			1,387
Average time for complaint resolution (days)	99.0	141.0	140.4	137.7	117.3	133.1	88%	135.3
Disciplinary:								
Open violations, beginning	344	366	420	448	344			323
Violations opened	107	104	109	118	443			279
Violations closed	(85)	(50)	(75)	(61)	(277)			(269)
Previous quarter adjustment			(6)	(99)	(104)			11
Open violations, ending	366	420	448	406	406			344
Average time for complaint resolution (days)	561.0	95.7	146.4	100.8	265.2	169.1	157%	188.1

^a This measure is the number of Registered Accounting Firms not Practice Units. The number of Practice Units is used for estimating revenue because Firms may have more than one Practice Unit.

^b Case numbers are estimates based on best available data, subject to additional review of violation coding. Rule changes over time may affect coding.

^c First-quarter numbers have been revised to account for fingerprinting violations entered shortly after reports were run.

^d Cases opened and closed categories include adjustments for reclassification of cases and report timing. Due to the timing of some case reporting, year-to-date numbers may not match quarterly totals.

Texas State Board of Public Accountancy
Revenue Budget Report
From September 1, 2022 - August 31, 2023

Account Title	Current Period Revenue	YTD Revenue	Total Budget	Variance	% Budget Remaining	Versus Target
						0.00% F (U)
CPA License	\$ 523,723.65	\$ 5,189,321.50	\$ 5,301,494.87	112,173.37	2.1%	-2.1%
CPE Sponsor Review	\$ 19,300.00	\$ 240,850.00	\$ 260,599.66	19,749.66	7.6%	-7.6%
Firm Office License	\$ 84,124.30	\$ 906,249.81	\$ 879,418.65	(26,831.16)	-3.1%	3.1%
Late Payment Fees	\$ 43,910.00	\$ 406,811.11	\$ 349,620.33	(57,190.78)	-16.4%	16.4%
Exam Evaluation Fee	6,740.00	67,960.00	75,440.00	7,480.00	9.9%	-9.9%
Transfer of Credit IN	600.00	3,580.00	3,434.67	(145.33)	-4.2%	4.2%
Exam Eligibility Fee - AUD	5,715.00	57,315.00	66,068.00	8,753.00	13.2%	-13.2%
Exam Eligibility Fee - BEC	17,610.00	77,805.00	72,623.00	(5,182.00)	-7.1%	7.1%
Exam Eligibility Fee - FAR	5,310.00	63,105.00	59,515.00	(3,590.00)	-6.0%	6.0%
Exam Eligibility Fee - REG	4,680.00	48,330.00	64,039.00	15,709.00	24.5%	-24.5%
Exam Fees	40,655.00	318,095.00	341,119.67	23,024.67	6.7%	-6.7%
Public Accountant License	0.00	0.00	59.57	59.57	100.0%	-100.0%
Certificate Fee	6,700.00	79,851.00	104,498.97	24,647.97	23.6%	-23.6%
Section 14 License	0.00	0.00	333.64	333.64	100.0%	-100.0%
Reciprocal Registration	5,400.00	63,900.00	34,485.06	(29,414.94)	-85.3%	85.3%
Direct Administrative Costs - Enforcement	2,569.72	31,842.29	41,102.59	9,260.30	22.5%	-22.5%
Voided Warrants	0.00	100.00	0.00	(100.00)	N/A	N/A
Transfer of Credit - OUT	680.00	8,400.00	9,441.71	1,041.71	11.0%	-11.0%
Interest Income	26,597.37	232,692.77	19,685.67	(213,007.10)	-1082.0%	1082.0%
Interest on Judgments	10,000.00	10,341.66	0.00	(10,341.66)	N/A	N/A
Sales of Lists/Miscellaneous Copies/NSF Fees	0.00	858.00	2,787.16	1,929.16	69.2%	-69.2%
Lettering of CPA Certificate	300.00	1,750.00	3,331.99	1,581.99	47.5%	-47.5%
AICPA Regrades	(240.00)	0.00	0.00	0.00	N/A	N/A
Reimbursements - 3rd Party (Reimbursements from TBAE IAC)	3,691.31	43,124.44	0.00	(43,124.44)	N/A	N/A
Other Collections	55,698.40	472,860.16	215,726.36	(257,133.80)	-119.2%	119.2%
Total Revenue	\$ 767,411.35	\$ 7,534,187.58	\$ 7,347,979.54	\$ (186,208.04)	-2.5%	2.53%

Texas State Board of Public Accountancy
Expenditure Budget Report
From September 1, 2022 - August 31, 2023

Account Title		Current Period Expenditures	YTD Expenditures	YTD Encumbrances	Total Budget	Variance	% Budget Remaining	Versus Target
								0.0%
								F (U)
F0410	Debt Service - Interest	2,996.27	37,096.49	0.00	0.00	(37,096.49)	N/A	A N/A
L1001	Sal & Wages - Comp. Per Diem	500.00	5,300.00	0.00	18,000.00	12,700.00	70.56%	70.56%
S&W	Salaries & Wages	284,798.59	3,182,402.34	0.00	3,385,578.08	203,175.74	6.00%	6.00%
M9000	Payroll Related Costs (IC)	89,696.84	1,042,852.57	0.00	1,014,192.98	(28,659.59)	-2.83%	-2.83%
M9010	Payroll Related Costs - Unemp.	0.00	667.60	0.00	0.00	(667.60)	N/A	N/A
N2001	Prof Fees - Grading of CPA Exam	240.00	240.00	0.00	0.00	(240.00)	N/A	N/A
N2004	Prof Fees - Court Reporters	0.00	1,275.00	0.00	1,182.00	(93.00)	-7.87%	
N2005	Prof Fees-Legal Svcs-OAG & OLC	2,860.49	37,091.75	0.00	250,000.00	212,908.25	85.16%	85.16%
N2007	Prof Fees - Fin/Acctg. Svcs.	0.00	0.00	0.00	32,900.00	32,900.00	100.00%	100.00%
N2008	Prof Fees - Expert Witnesses	(1,465.46)	6,685.84	0.00	250,710.00	244,024.16	97.33%	97.33%
N2009	Prof Fees - PROB	3,910.00	47,616.57	0.00	80,000.00	32,383.43	40.48%	40.48%
N2010	Prof Fees - SOAH	0.00	39,087.00	0.00	40,000.00	913.00	2.28%	2.28%
N2011	Prof Fees - Computer	5,225.00	66,439.67	0.00	258,049.00	191,609.33	74.25%	74.25%
N2019	Prof Fees - Other	0.00	1,934.00	0.00	1,548.00	(386.00)	-24.94%	-24.94%
N2020	Prof Fees - SAO Audit & Sunset (IC)					0.00	N/A	N/A
N2022	PF - SRP - Review	1,687.50	16,625.00	0.00	28,542.15	11,917.15	41.75%	41.75%
P2001	Travel-In State-Board Mbrs.	441.38	8,326.00	0.00	35,000.00	26,674.00	76.21%	76.21%
P2002	Travel-In State-Employees	(294.37)	1,474.06	0.00	4,278.00	2,803.94	65.54%	65.54%
P2003	Travel-In State-Adv Comm Mbrs	0.00	0.00	0.00	2,978.00	2,978.00	100.00%	100.00%
P2021	Travel-Out-of-State-Bd. Mbrs.	0.00	6,268.93	0.00	8,709.00	2,440.07	28.02%	28.02%
P2022	Travel-Out-of-State-Employees	0.00	10,215.71	0.00	9,786.00	(429.71)	-4.39%	-4.39%
Q2001	Material & Supplies	1,529.77	95,745.54	6,730.35	96,295.29	(6,180.60)	-6.42%	B -6.42%
Q2005	Mats/Supp - Office Meter Post	0.00	70,096.95	0.00	120,166.20	50,069.25	41.67%	41.67%
Q2006	Mats/Supp - Bulk Rate Postage	0.00	0.00	0.00	4,057.20	4,057.20	100.00%	100.00%
Q2009	Mats/Suppl - Other Postage	0.00	290.00	0.00	217.35	(72.65)	-33.43%	-33.43%
R2001	Communication & Utilities	5,623.84	67,958.61	0.00	72,000.00	4,041.39	5.61%	5.61%
S2001	Repairs & Maint-Annual Confs.	6,576.28	52,291.54	0.00	86,937.90	34,646.36	39.85%	39.85%
S2005	Repairs & Maintenance - Other	0.00	7,836.85	0.00	9,425.00	1,588.15	16.85%	16.85%
T2001	Rentals & Leases-Furn/Eqpt	83.25	26,460.44	0.00	24,460.93	(1,999.51)	-8.17%	-8.17%
T2004	Rentals & Leases-Furn/Eqpt SIC	0.00	8,499.85	0.00	12,500.00	4,000.15	32.00%	32.00%
T2013	Rental & Leases-Other Space	1,060.06	12,352.94	0.00	11,503.26	(849.68)	-7.39%	-7.39%
T2015	Rental & Leases - SIC	0.00	8,544.56	0.00	12,000.00	3,455.44	28.80%	28.80%
T2018	Rental & Leases-Ofc Bldg (IC)	27,088.85	315,247.77	0.00	308,350.99	(6,896.78)	-2.24%	-2.24%
U2001	Printing & Reproduction	242.69	4,684.24	2,222.32	54,275.40	47,368.84	87.27%	87.27%
U2002	Printing of Board Report	2,190.24	8,077.13	0.00	11,592.85	3,515.72	30.33%	30.33%
W2001	OOE - Membership Fees	550.00	7,270.00	0.00	10,172.81	2,902.81	28.53%	28.53%
W2003	OOE - Registration Fees	(1,064.00)	10,500.00	0.00	15,444.98	4,944.98	32.02%	32.02%
W2005	OOE - Temporary Support Svcs	0.00	54,374.80	0.00	0.00	(54,374.80)	N/A	C N/A
W2007	OOE - Freight/Delivery Svc.	28.59	1,117.39	0.00	2,528.95	1,411.56	55.82%	55.82%
W2009	OOE - Convention Center Labor	0.00	2,985.00	0.00	4,000.00	1,015.00	25.38%	25.38%
W2013	OOE - Employee Awards	0.00	750.10	0.00	1,182.00	431.90	36.54%	36.54%
W2014	OOE - Witness Fees & Invest Cost	0.00	2,168.32	0.00	0.00	(2,168.32)	N/A	N/A
W2020	OOE - Other Fees & Charges	3,880.22	44,950.77	0.00	35,473.70	(9,477.07)	-26.72%	D -26.72%
W2021	OOE - TX Online Processing Fees	14,981.99	180,091.55	0.00	181,128.15	1,036.60	0.57%	0.57%
W2027	OOE - Statewide Cost Alloc. (IC)	0.00	0.00	0.00	160,025.99	160,025.99	100.00%	100.00%
W2028	OOE - SORM Assessments	0.00	2,790.69	0.00	8,546.99	5,756.30	67.35%	67.35%
W2029	PUB - Public Assistance Pmts	0.00	134,253.00	0.00	134,253.00	0.00	0.00%	0.00%
X5005	Capital Outlay-Computer	0.00	0.00	0.00	53,549.99	53,549.99	100.00%	100.00%
Report Total		\$ 453,368.02	\$ 5,630,936.57	\$ 8,952.67	\$ 6,851,542.14	1,211,652.90	17.68%	17.68%

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Budget Variance Explanations
For the 12 Months Ending August 31, 2023

Ref.	Budget Item	Budget	Actual	Difference	Explanation
	Operating Budget	\$ 6,851,542	\$ 5,639,889	\$ 1,211,652.90	17.68% budget remaining versus 0% target level
A	Debt Service - Interest	\$ -	\$ 37,096.49	\$ (37,096.49)	N/A Expenditure reclassification from office space rental due to GASB 87, not in budget.
B	Material & Supplies	\$ 96,295	\$ 102,475.89	\$ (6,180.60)	-6.42% budget remaining due to purchase of computers and laptops.
C	OOE - Temporary Support Svcs	\$ -	\$ 54,374.80	\$ (54,374.80)	N/A Temporary support services needed to cover vacancies not in budget - previously included in a different category.
D	OOE - Other Fees & Charges	\$ 35,474	\$ 44,950.77	\$ (9,477.07)	-26.72% budget remaining due to lump sum payment of D&O Insurance Policy (\$19,068) and other policies/contracts (\$2,794); and higher trust account service charges due to higher interest revenue.

Texas State Board of Public Accountancy

Exhibit I - Combined Balance Sheet/Statement of Net Position – Governmental Funds

August 31, 2023

	Governmental Fund Types				
	General Funds (EXH A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Net Position
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 18,554.70	\$ 18,554.70	\$ -	\$ -	\$ 18,554.70
Cash in Bank - Treasury Safekeeping Trust	11,807.30	11,807.30			11,807.30
Cash in State Treasury	349,020.75	349,020.75			349,020.75
Repurchase Agreement - Treasury Safekeeping	8,172,827.42	8,172,827.42			8,172,827.42
Accounts Receivable	1,120.00	1,120.00			1,120.00
Due From Other Funds - TTSTF (Note A)	49,998.77	49,998.77			49,998.77
Prepaid Item	-	-			-
Consumable Inventories	-	-			-
Total Current Assets	<u>8,603,328.94</u>	<u>8,603,328.94</u>	<u>-</u>	<u>-</u>	<u>8,603,328.94</u>
Non-Current Assets:					
Capital Assets:					
Depreciable or Amortizable					
Furniture and Equipment			311,501.30		311,501.30
Less Accumulated Depreciation			(257,490.92)		(257,490.92)
Vehicles, Boats, and Aircraft			16,348.14		16,348.14
Less Accumulated Depreciation			(16,348.14)		(16,348.14)
Capital Lease - Right to Use			3,367,839.30		3,367,839.30
Less Accumulated Amortization			(728,180.01)		(728,180.01)
Other Capital Assets					-
Other Non-Current Assets	<u>37,009.76</u>	<u>37,009.76</u>			<u>37,009.76</u>
Total Non-Current Assets	<u>37,009.76</u>	<u>37,009.76</u>	<u>2,693,669.67</u>	<u>-</u>	<u>2,730,679.43</u>
Total Assets	<u>\$ 8,640,338.70</u>	<u>\$ 8,640,338.70</u>	<u>\$ 2,693,669.67</u>	<u>\$ -</u>	<u>\$ 11,334,008.37</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Vouchers Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	50,201.00	50,201.00			50,201.00
Payroll Payable	356,717.47	356,717.47			356,717.47
Refunds Payable	180.00	180.00			180.00
Due To Other Funds - TTSTF (Note A)	49,998.77	49,998.77			49,998.77
Funds Held for Others	83,738.02	83,738.02			83,738.02
Right to Use Lease Obligations				328,816.56	328,816.56
Right to Use Lease - Cumulative Accrued Interest				2,870.17	2,870.17
Employees Compensable Leave	-	-		254,482.74	254,482.74
Total Current Liabilities	<u>540,835.26</u>	<u>540,835.26</u>	<u>-</u>	<u>586,169.47</u>	<u>1,127,004.73</u>
Non-Current Liabilities:					
Right to Use Lease Obligations				2,420,836.63	2,420,836.63
Employees Compensable Leave	-	-		281,216.04	281,216.04
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,702,052.67</u>	<u>2,702,052.67</u>
Total Liabilities	<u>540,835.26</u>	<u>540,835.26</u>	<u>-</u>	<u>3,288,222.14</u>	<u>3,829,057.40</u>
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable		-			-
Committed:					
Board Policy Reserve	2,766,229.50	2,766,229.50			2,766,229.50
Other	5,333,273.94	5,333,273.94			5,333,273.94
Total Fund Balances	<u>8,099,503.44 *</u>	<u>8,099,503.44</u>	<u>-</u>	<u>-</u>	<u>8,099,503.44</u>
Total Liabilities and Fund Balances	<u>\$ 8,640,338.70</u>	<u>\$ 8,640,338.70</u>			
GOVERNMENT-WIDE STATEMENT-NET POSITION					
Net Position:					
Net Investment in Capital Assets			2,693,669.67		2,693,669.67
Restricted				(3,288,222.14)	(3,288,222.14)
Unrestricted					
Total Net Position			<u>\$ 2,693,669.67 *</u>	<u>\$ (3,288,222.14) *</u>	<u>\$ 7,504,950.97 *</u>

* Column totals should agree to Exhibit II column totals.

Texas State Board of Public Accountancy
Exhibit A-1 - Balance Sheet - All General and Consolidated Funds
August 31, 2023

	Scholarship Fund		Operating Fund	
	(1000)	(0858)	(1009)	Total
	U/F (1002)	U/F (7106, 6106)	U/F (1009, 2858)	(EXH I)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 100.00	\$ 140.00	\$ 18,314.70	\$ 18,554.70
Cash in Bank - Treasury Safekeeping Trust	\$ 850.00	300.00	10,657.30	11,807.30
Cash in State Treasury	\$ -	-	349,020.75	349,020.75
Repurchase Agreement - Treasury Safekeeping Trust	\$ 82,888.02	1,210,774.24	6,879,165.16	8,172,827.42
Accounts Receivable	-	-	1,120.00	1,120.00
Due From Other Funds	-	-	49,998.77	49,998.77
Prepaid Item	-	-	-	-
Consumable Inventories	-	-	-	-
Total Current Assets	83,838.02	1,211,214.24	7,308,276.68	8,603,328.94
Non-Current Assets:				
Non-Current Refundable Deposits	-	-	37,009.76	37,009.76
Total Noncurrent Assets	-	-	37,009.76	37,009.76
Total Assets	\$ 83,838.02	\$ 1,211,214.24	\$ 7,345,286.44	\$ 8,640,338.70
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ -	\$ -	\$ 50,201.00	\$ 50,201.00
Payroll Payable	-	-	356,717.47	356,717.47
Refunds Payable	-	-	180.00	180.00
Due To Other Funds	\$ 100.00	-	49,998.77	49,998.77
Funds Held for Others	\$ 83,738.02	-	-	83,738.02
Total Current Liabilities	83,838.02	-	456,997.24	540,835.26
Non-Current Liabilities:				
Interfund Payables	-	-	-	-
Total Non-Current Liabilities	-	-	-	-
Total Liabilities	83,838.02	-	456,997.24	540,835.26
FUND FINANCIAL STATEMENT-FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	-	-	-	-
Committed:				
Board Policy Reserve	-	-	2,766,229.50	2,766,229.50
Other	-	1,211,214.24	4,122,059.70	5,333,273.94
Total Fund Balances	-	1,211,214.24	6,888,289.20	8,099,503.44
Total Liabilities and Fund Balances	\$ 83,838.02	\$ 1,211,214.24	\$ 7,345,286.44	\$ 8,640,338.70

The accompanying notes to the financial statements are an integral part of this statement.

Texas State Board of Public Accountancy
Exhibit II - Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities – Governmental Funds
For the 12 Months Ending August 31, 2023

	General Funds (EXH A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Statement of Activities
REVENUES					
Federal Grant Pass-through Revenue (GR)	-	-			-
Licenses, Fees & Permits					
License Fees	7,556,353.95	7,556,353.95			7,556,353.95
Exam Fees	318,050.00	318,050.00			318,050.00
Other License, Fees & Permits	663.00	663.00			663.00
Interest and Investment Income	276,146.93	276,146.93			276,146.93
Other	108,816.77	108,816.77			108,816.77
Total Revenues	8,260,030.65	8,260,030.65	-	-	8,260,030.65
EXPENDITURES					
Salaries and Wages	3,224,147.54	3,224,147.54		(50,309.95)	3,173,837.59
Payroll Related Costs	1,047,731.88	1,047,731.88			1,047,731.88
Professional Fees and Services	209,706.16	209,706.16			209,706.16
Travel	27,243.27	27,243.27			27,243.27
Materials and Supplies	166,132.49	166,132.49			166,132.49
Communication and Utilities	66,750.99	66,750.99			66,750.99
Repairs and Maintenance	60,128.39	60,128.39			60,128.39
Rentals & Leases	57,596.61	57,596.61			57,596.61
Printing and Reproduction	13,526.37	13,526.37			13,526.37
Other Expenditures	310,453.15	310,453.15			310,453.15
State Pass Through Expenditures	477,596.00	477,596.00			477,596.00
Intergovernmental Payments	255,700.00	255,700.00			255,700.00
Public Assistance Payments	134,253.00	134,253.00			134,253.00
Debt Service:					-
Principal	314,385.51	314,385.51		(314,385.51)	-
Interest	37,095.27	37,095.27		2,870.17	39,965.44
Amortization					-
Capital Outlay	-	-	-		-
Depreciation Expense			24,979.22		24,979.22
Amortization Expense			364,089.33		364,089.33
Total Expenditures/Expenses	6,402,446.63	6,402,446.63	389,068.55	(361,825.29)	6,429,689.89
Excess (Deficiency) of Revenues Over Expenditures	1,857,584.02	1,857,584.02	(389,068.55)	361,825.29	1,830,340.76
OTHER FINANCING SOURCES (USES)					
Increase In Obligations - Leases				-	-
Sale of Capital Assets	-	-			-
Inc (Dec) in Net Position Due to Interagency Transfer			-		-
Transfers In (Note 1.F.)	7,076,372.01	7,076,372.01			7,076,372.01
Transfers Out (Note 1.F.)	(7,779,716.01)	(7,779,716.01)			(7,779,716.01)
Other Financing Sources (Uses)	(1,600.94)	(1,600.94)			(1,600.94)
Total Other Financing Sources and Uses	(704,944.94)	(704,944.94)	-	-	(704,944.94)
Net Change in Fund Balances/Net Position	1,152,639.08	1,152,639.08	(389,068.55)	361,825.29	1,125,395.82
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances--Beginning	6,946,864.36	6,946,864.36			6,946,864.36
	-	-			-
Fund Balances, September 1, 2022, as Restated	6,946,864.36	6,946,864.36	-	-	6,946,864.36
Fund Balances-- August 31, 2023	\$ 8,099,503.44 *	\$ 8,099,503.44 *	\$ (389,068.55)	\$ 361,825.29	\$ 8,072,260.18
GOVERNMENT-WIDE STATEMENT-NET POSITION					
Net Assets/Change in Net Position		8,099,503.44	(389,068.55)	361,825.29	8,072,260.18
Net Position-Beginning			3,082,738.22	(3,650,047.43)	(567,309.21)
Restatements					-
Net Position, September 1, 2022, as Restated			3,082,738.22	(3,650,047.43)	(567,309.21)
Net Position--August 31, 2023			\$ 2,693,669.67 *	\$ (3,288,222.14) *	\$ 7,504,950.97

*Column totals should agree to Exhibit I column totals

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED

Texas State Board of Public Accountancy
Exhibit A-2 - Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – All General and Consolidated Funds
For the 12 Months Ending August 31, 2023

	Scholarship Fund		Operating Fund		Memorandum Only		
	General Revenue						
	(0858) U/F (7106, 6106)	(1009) U/F (1009, 2858)	Total (EXH II)	(0858) U/F (6106, 7106) FY 22	(1009) U/F (1009, 2858) FY 22	Total FY 22	Difference
REVENUES							
Federal Grant Pass-through Revenue (GR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Fees & Permits :							
Licenses, Fees	\$ 669,175.53	6,887,178.42	7,556,353.95	674,329.48	5,921,489.82	6,595,819.30	960,534.65 A
Exam Fees	-	318,050.00	318,050.00		299,795.88	299,795.88	18,254.12 B
Other License, Fees & Permits	-	663.00	663.00		917.00	917.00	(254.00)
Sales of Goods and Services	-	-	-		-	-	-
Interest and Investment Income	43,454.16	232,692.77	276,146.93	5,222.40	24,281.70	29,504.10	246,642.83 C
Other	13,258.38	95,558.39	108,816.77	22,210.24	86,840.35	109,050.59	(233.82)
Total Revenues	725,888.07	7,534,142.58	8,260,030.65	701,762.12	6,333,324.75	7,035,086.87	1,224,943.78
EXPENDITURES							
Salaries and Wages	-	3,224,147.54	3,224,147.54		3,021,596.94	3,021,596.94	202,550.60 D
Payroll Related Costs	-	1,047,731.88	1,047,731.88		956,366.77	956,366.77	91,365.11 D
Professional Fees and Services	-	209,706.16	209,706.16		287,044.19	287,044.19	(77,338.03) E
Travel	-	27,243.27	27,243.27		13,949.59	13,949.59	13,293.68 F
Materials and Supplies	-	166,132.49	166,132.49		100,217.59	100,217.59	65,914.90 G
Communication and Utilities	-	66,750.99	66,750.99		69,915.66	69,915.66	(3,164.67)
Repairs and Maintenance	-	60,128.39	60,128.39		67,578.62	67,578.62	(7,450.23) H
Rentals & Leases	-	57,596.61	57,596.61		366,482.96	366,482.96	(308,886.35) I
Printing and Reproduction	-	13,526.37	13,526.37		22,854.17	22,854.17	(9,327.80) J
Claims and Judgments	-	-	-		-	-	-
Other Expenditures	-	310,453.15	310,453.15		467,791.50	467,791.50	(157,338.35) K
State Pass Through Expenditures	477,596.00	-	477,596.00	485,020.96	-	485,020.96	(7,424.96)
Intergovernmental Payments	255,700.00	-	255,700.00	243,563.50	-	243,563.50	12,136.50
Public Assistance Payments	-	134,253.00	134,253.00		107,500.00	107,500.00	26,753.00
Debt Service:							
Principal	-	314,385.51	314,385.51		-	-	314,385.51 I
Interest	-	37,095.27	37,095.27		-	-	37,095.27 I
Amortization	-	-	-		-	-	-
Capital Outlay	-	-	-		3,414,930.63	3,414,930.63	(3,414,930.63) I
Depreciation Expense	-	-	-		-	-	-
Total Expenditures/Expenses	733,296.00	5,669,150.63	6,402,446.63	728,584.46	8,896,228.62	9,624,813.08	(3,222,366.45)
Excess (Deficiency) of Revenues							
Over Expenditures	(7,407.93)	1,864,991.95	1,857,584.02	(26,822.34)	(2,562,903.87)	(2,589,726.21)	4,447,310.23
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	-	-	-		-	-	-
Net Change in Reserve for Inventories	-	-	-		-	-	-
Sale of Capital Assets	-	-	-		-	-	-
Transfers In (Note 1.F.)	721,836.00	6,354,536.01	7,076,372.01	748,584.46	9,628,890	10,377,474.65	(3,301,102.64)
Transfers Out (Note 1.F.)	(721,836.00)	(7,057,880.01)	(7,779,716.01)	(748,584.46)	(6,964,394.89)	(7,712,979.35)	(66,736.66)
Gain (Loss) on Sale of Capital Assets	-	-	-		0.00	-	-
Other Financing Sources (Uses)	-	(1,600.94)	(1,600.94)		0.00	-	(1,600.94)
Total Other Financing Sources and Uses	-	(704,944.94)	(704,944.94)	-	2,664,495.30	2,664,495.30	(3,369,440.24)
SPECIAL ITEMS							
							-
EXTRAORDINARY ITEMS							
							-
Net Change in Fund Balances	(7,407.93)	1,160,047.01	1,152,639.08	(26,822.34)	101,591.43	74,769.09	1,077,869.99
FUND FINANCIAL STATEMENT-FUND BALANCES							
Fund Balances--Beginning	1,218,622.17	5,728,242.19	6,946,864.36	1,245,444.51	5,626,650.76	6,872,095.27	74,769.09
Fund Balances, 9/1/2022 as Restated	1,218,622.17	5,728,242.19	6,946,864.36	1,245,444.51	5,626,650.76	6,872,095.27	74,769.09
Appropriations Lapsed	-	-	-	-	-	-	-
Fund Balances-- August 31, 2023	\$ 1,211,214.24	\$ 6,888,289.20	\$ 8,099,503.44	\$ 1,218,622.17	\$ 5,728,242.19	\$ 6,946,864.36	\$ 1,152,639.08

A License Fees are higher due to individual licensee fee increase from \$60 to \$75.

B Exam fee revenue increases are due to a large influx of BEC exam eligibility fees in August, presumably in anticipation of the upcoming 2024 exam change

C Interest Income is higher due to higher interest rates.

D Salaries and Wages and payroll-related costs are higher due to new positions, an increase in lump sum payments, and a cost-of-living increase in July.

E Professional Expenditures are lower due to significantly lower expert witness, OAG & OLC fees.

F Travel is higher due to fewer COVID-related restrictions for both employees and board members.

G Materials and Supplies are higher due to higher postage use, a lower postage reserve at the beginning of FY 23, and non-capitalized purchase of laptops/computers.

H Repairs and Maintenance are lower due to computer software annual maintenance agreements

I Rentals and Leases are lower due to reclassification to Right-to-Use Lease principal and interest per GASB 87.

J Printing and Reproduction expenditures were unusually high in FY 22 in comparison to FY 23 due to SIC related printing.

K Fiscal 2022 SWCAP assessment for fiscal year 2023 does not have a balance due.

The accompanying notes to the financial statements are an integral part of this statement.

Texas State Board of Public Accountancy
5th Year Accounting Scholarship Payments FY 23
State Universities

For the 12 Months Ending August 31, 2023

	FY 2023
BEGINNING FUND BALANCE - September 1, 2022	\$ 1,218,622.17
Total Scholarship Fund Revenue	\$ 725,888.07
State Pass Through Expenditures (EXH A-2)	
State University Payments:	
Angelo State University	\$ 6,796.00
Sam Houston State University	\$ 18,700.00
Stephen F. Austin State University	\$ 13,400.00
Texas A&M University	\$ 52,500.00
Texas A&M University - Commerce	\$ 15,900.00
Texas A&M University - Kingsville	\$ 1,000.00
Texas State University - San Marcos	\$ 27,400.00
Texas Tech University	\$ 39,000.00
University of Houston	\$ 76,000.00
University of Houston - Clear Lake	\$ 4,000.00
University of Houston - Downtown	\$ 23,000.00
University of North Texas	\$ 43,700.00
University of Texas at Arlington	\$ 10,000.00
University of Texas at Austin	\$ 46,900.00
University of Texas at Dallas	\$ 42,000.00
University of Texas at El Paso	\$ 23,900.00
University of Texas Rio Grande Valley	\$ 24,000.00
University of Texas at Tyler	\$ 9,400.00
Total State University Payments	\$ 477,596.00
State University Refunds:	
Total State University Refunds	-
State Pass Through Expenditures (EXH A-2)	\$ 477,596.00
Intergovernmental Payments (EXH A-2)	
Junior College/ Private University Payments:	
Austin Community College	\$ 5,000.00
Baylor University	\$ 37,000.00
Dallas Baptist University	\$ 15,200.00
Houston Baptist University	\$ 4,000.00
Houston Community College System	\$ 6,000.00
Letourneau University	\$ 10,000.00
Lubbock Christian University	\$ 10,500.00
McMurry University	\$ 4,000.00
Our Lady of the Lake - San Antonio	\$ 1,600.00
Rice University	\$ 19,800.00
Schreiner University	\$ 10,300.00
Southern Methodist University	\$ 32,900.00
Texas Christian University	\$ 36,000.00
Texas Lutheran University	\$ 12,600.00
Texas Wesleyan University	\$ 6,300.00
Trinity University	\$ 22,300.00
University of Dallas	\$ 14,200.00
University of the Incarnate Word	\$ 8,000.00
Total Junior College/ Private University Payments:	\$ 255,700.00

Texas State Board of Public Accountancy
5th Year Accounting Scholarship Payments FY 23
State Universities

For the 12 Months Ending August 31, 2023

	FY 2023
Junior College/ Private Univ. Refunds:	
Total Junior College/ Private University Refunds:	\$ -
Intergovernmental Payments (EXH. A-2)	255,700.00
Other Financing Sources/Uses	
Transfers In	721,836.00
Transfers Out	(721,836.00)
Total Other Financing Sources/Uses (EXH. A-2)	\$ -
ENDING FUND BALANCE - August 31, 2023	\$ 1,211,214.24

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 12 Months Ending August 31, 2023

		DAC	ADMIN PENALTY	RTN CK FEES OVERPMT/INT	TOTAL
	STATUS	19160	37700	19920/31100	
BEGINNING BALANCE - September 1, 2022		\$6,884.21	\$17,942.85	\$69.57	\$24,896.63
ADL Penalties Assessed \ Contributions:					
Williford, Gregory Scott	Sep-22		5,206.84		5,206.84
Farag-Beshay, Amira	Sep-22		10,000.00		10,000.00
Cruz-Miranda, Veronica	Sep-22	880.48			880.48
Basset, Shena	Sep-22	408.93	2,500.00		2,908.93
Rebello, Karey	Oct-22	1,228.56			1,228.56
Guerrero, Edward	Nov-22	844.20	5,000.00		5,844.20
Ntianu Okam	Dec-22		773.13		773.13
Chris Alan Hibbard	Dec-22	670.71			670.71
Aurelia Evers Weems	Jan-23	672.50	1,000.00		1,672.50
David Mody Boatright	Jan-23	938.06	2,500.00		3,438.06
Mohamed Metwally	Feb-23	4,912.86	1,000.00		5,912.86
Mohamed Ibrahim	Feb-23	739.68			739.68
Stephen Walker	Feb-23	1,039.87	2,500.00		3,539.87
Philips, Susan	Mar-23	506.89			506.89
Malphurs, Robert	Apr-23	9,282.50			9,282.50
Williams, Kenneth	May-23	969.49	2,500.00		3,469.49
Shah, Prasun	May-23	622.38			622.38
Knauth, Christopher	May-23	980.55	2,000.00		2,980.55
Bailey, Malone	May-23	784.97	5,000.00		5,784.97
Woodward, Scott	Jun-23	622.38			622.38
Beri, Shashank	Jul-23	739.68			739.68
Capella, Stephen	Jul-23	697.04			697.04
Durio, Nicole	Jul-23	743.47	1,500.00		2,243.47
Fadipe, Ayotunde Oluwasegun	Aug-23	779.16			779.16
Perry, Coe Marcus	Aug-23		9,000.00		9,000.00
Burns, Jeffrey S	Aug-23	272.09	5,000.00		5,272.09
Wynne, Susan K.	Aug-23	778.79			778.79
Whatley, Mark	Aug-23	739.68			739.68
TOTAL PENALTIES ASSESSED \ CONTRIBUTIONS		30,854.92	55,479.97	0.00	86,334.89

LES Payments Received:

Williford, Gregory Scott	Sep-22	PP	(208.34)	(208.34)
Farag-Beshay, Amira	Sep-22	PIF	(10,000.00)	(10,000.00)
Mock, Ronald	Sep-22	PP	(2,000.00)	(2,000.00)
Cruz-Miranda, Veronica	Sep-22	PIF	(880.48)	(880.48)
Basset, Shena	Sep-22	PIF	(408.93)	(2,908.93)
Fleming, Douglas A.	Sep-22	PP	(900.00)	(900.00)
Rebello, Karey	Oct-22	PIF	(1,228.56)	(1,228.56)
Williford, Gregory Scott	Oct-22	PP	(208.34)	(208.34)
Williford, Gregory Scott	Nov-22	PIF	(206.48)	(206.48)
Fleming, Douglas A.	Nov-22	PP	(900.00)	(900.00)
Guerrero, Edward	Nov-22	PIF	(844.20)	(5,844.20)
Ntianu Okam	Dec-22	PIF	(773.13)	(773.13)
Chris Alan Hibbard	Dec-22	PIF	(670.71)	(670.71)
Fleming, Douglas A.	Dec-22	PP	(900.00)	(900.00)
Aurelia Evers Weems	Jan-23	PIF	(672.50)	(1,672.50)
David Mody Boatright	Jan-23	PIF	(938.06)	(3,438.06)
Fleming, Douglas A.	Jan-23	PP	(900.00)	(900.00)
Mock, Ronald	Jan-23	PP	(2,000.00)	(2,000.00)
Fleming, Douglas A.	Feb-23	PP	(900.00)	(900.00)
Mohamed Metwally	Feb-23	PIF	(4,912.86)	(5,912.86)
Mohamed Ibrahim	Feb-23	PIF	(739.68)	(739.68)
Stephen Walker	Feb-23	PIF	(1,039.87)	(3,539.87)

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 12 Months Ending August 31, 2023

			ADMIN	RTN CK FEES	
			PENALTY	OVERPMT/INT	
			19160	19920/31100	TOTAL
STATUS					
Payments Received (cont'd):					
Philips, Susan	Mar-23	PIF	(506.89)		(506.89)
Fleming, Douglas A.	Mar-23	PP		(900.00)	(900.00)
Malphurs, Robert	Apr-23	PIF	(9,282.50)		(9,282.50)
Mock, Ronald	Apr-23	PIF		(2,658.34)	(2,658.34)
Fleming, Douglas A.	Apr-23	PP		(900.00)	(900.00)
Houston, Charles	Apr-23	PP	(125.00)	(125.00)	(250.00)
Williams, Kenneth	May-23	PIF	(969.49)	(2,500.00)	(3,469.49)
Shah, Prasun	May-23	PIF	(622.38)		(622.38)
Knauth, Christopher	May-23	PIF	(980.55)	(2,000.00)	(2,980.55)
Fleming, Douglas A.	May-23	PP		(900.00)	(900.00)
Bailey, Malone	May-23	PIF	(784.97)	(5,000.00)	(5,784.97)
Houston, Charles	Jun-23	PP/PIF	(140.39)	(109.61)	(250.00)
Woodward, Scott	Jun-23	PIF	(622.38)		(622.38)
Houston, Charles	Jul-23	PP	(144.02)	(105.98)	(250.00)
Fleming, Douglas A.	Jul-23	PP		(900.00)	(900.00)
Beri, Shashank	Jul-23	PIF	(739.68)		(739.68)
Capella, Stephen	Jul-23	PIF	(697.04)		(697.04)
Donovan, Thomas	Jul-23	PP		(5,000.00)	(5,000.00)
Durio, Nicole	Jul-23	PIF	(743.47)	(1,500.00)	(2,243.47)
Fadipe, Ayotunde Oluwasegun	Aug-23	PIF	(779.16)		(779.16)
Perry, Coe Marcus	Aug-23	PP		(750.00)	(750.00)
Perry, Coe Marcus	Aug-23	PP		(750.00)	(750.00)
Burns, Jeffrey S	Aug-23	PIF	(272.09)	(5,000.00)	(5,272.09)
Wynne, Susan K.	Aug-23	PIF	(778.79)		(778.79)
Whatley, Mark	Aug-23	PIF	(739.68)		(739.68)
TOTAL PAYMENTS RECEIVED			(31,264.33)	(63,495.22)	(94,759.55)
Adjustments:					
TOTAL ADJUSTMENTS			0.00	0.00	0.00
Referred to OAG Enforcement for Collection:					
TOTAL REFERRED TO ENFORCEMENT			0.00	0.00	0.00
ENDING BALANCE - August 31, 2023			\$6,474.80	\$9,927.60	\$16,471.97

Note: PIF = Paid in Full , PP = Partial Payment, and REF=Refund

¹Note: Full reinstatement for payment after referral to the OAG

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Professional Fee and Legal Contracts

		FY 2024			
Contract Number	Contractor	Contract Term	Budget	Contract Amount	FY 24 Hourly Rate
TSR CONSULTANTS			\$ 263,246		
24-005	Harper & Pearson Company, P.C.	09/01/23-08/31/24		\$50,000	\$350/\$175/\$110
24-004	Belen Briones, CPA	09/01/23-08/31/24		\$5,000	\$240
24-006	Peter Delvecchia, CPA			\$25,000	\$240/\$180/\$100
24-007	William Patrick Cantrell, CPA, JD			\$10,000	\$350/\$225/\$65
	Unallocated Budget		173,246		
	Total			\$90,000	
PEER REVIEW CONSULTANTS			\$ 54,290		
24-001	John Michael Waters, CPA	09/01/23-08/31/24		\$26,400	\$200
24-002	Robert Goldstein, CPA	09/01/23-08/31/24		\$26,400	\$200
24-003	Thomas Akin, CPA	09/01/23-08/31/24		\$26,400	\$200
	Unallocated Budget		(24,910)		
	Total			79,200	
OFFICE OF THE ATTORNEY GENERAL			\$ 15,000		
TBD	Office of the Attorney General	09/01/23-08/31/24		\$15,000	
	Unallocated Budget		-		
	Total			\$15,000	
STATE OFFICE OF ADMIN HEARINGS			\$ 42,000		
360-24-457	SOAH	09/01/23-08/31/25		\$15,627	*
	Unallocated Budget		26,373		
	Total			\$15,627	
OAG Contracts: INDEPENDENT CONSULTANT CONTRACTS (SOAH Litigation)			\$ 247,500		
2023-457-0043	The Dove Firm PLLC - Chesebro	1/18/23-11/30/23		\$20,000	\$350/\$225
2024-457-0031	The Dove Firm PLLC	09/01/23-08/31/24		\$60,000	\$350/\$225
	Unallocated Budget		167,500		
	Total			\$80,000	
INTERNAL AUDIT			\$ 34,545		
	To be determined				
	Unallocated Budget		34,545		
	Total			\$0	
Total Budget			\$ 656,581		
Total Contracts				\$279,827	
Total Unallocated Budget			\$ 376,754		

*SOAH Contract is for \$31,253.04 for 2 years.

<p style="text-align: center;">Agenda Item IV Report of the Executive Committee November 8, 2023</p>

B. Review of NASBA/AICPA matters:

DISCUSSION: Ms. Seefeld, Presiding Officer, will present the following NASBA/AICPA matters:

1. Report on 116th NASBA Annual Meeting
October 29 – November 1, 2023 – New York, NY
2. NASBA Committee Appointments

RECOMMENDATION: None by Staff

SUGGESTED MOTION: None by Staff



National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

October 11, 2023

Debra D. Seefeld, CPA
145 Stones Edge Dr.
Montgomery, TX 77356

Dear Debra:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 Audit Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Oversee the Association's annual financial statement audit and the internal controls, and shall recommend to the Board of Directors the firm to perform the audit.

Your committee chair is Laurie A. Warwick, CPA and your primary committee liaison is Troy A. Walker, CPA. Should you have any questions, please contact Troy, by email at twalker@nasba.org or by telephone at (615) 880-4246.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

As Chair-Elect and President and CEO of NASBA, we are looking forward to working with you throughout this next committee year. We, as always, appreciate you spending your valuable time as a NASBA committee member.

Sincerely,

A handwritten signature in black ink that reads "Ken L. Bishop".

Ken L. Bishop
President & CEO

A handwritten signature in black ink that reads "Stephanie M. Saunders".

Stephanie M. Saunders, CPA
Chair-Elect



National Association of State Boards of Accountancy

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October 11, 2023

Olivia Espinoza-Riley, CPA
16301 Ledgesmont Lane #201
Addison, TX 75001

Dear Olivia:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 CPE Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Develop and promote uniform rules and requirements for continuing professional education among the jurisdictions. Also, oversee the Standards for CPE Programs and the related CPE Standards Working Group.

Your committee chair is Willie B. Sims Jr., CPA and your primary committee liaison is Jessica Luttrull, CPA. Should you have any questions, please contact Jessica, by email at jluttrull@nasba.org or by telephone at (615) 880-4245.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

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Ken L. Bishop
President & CEO

Stephanie M. Saunders, CPA
Chair-Elect



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October 11, 2023

Jeannette P. Smith, CPA
Carr, Riggs & Ingram, LLC
4100 N 23rd St
McAllen, TX 78504

Dear Jeannette:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 Administration and Finance Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Oversee and monitor the fiscal operations and investments of the Association.

Your primary committee liaison is Troy A. Walker, CPA. Your committee chair, for the upcoming year, will be appointed at the annual meeting, October 29 – November 1, 2023. You will be notified regarding your committee chair once assigned. Should you have any questions, please contact Troy, by email at twalker@nasba.org or by telephone at (615) 880-4246.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

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President & CEO

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Chair-Elect



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October 11, 2023

William Treacy
Texas State Board of Public Accountancy
505 E. Huntland Dr, Suite 380
Austin, TX 78752-3757

Dear Bill:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 International Qualifications Appraisal Board. We are looking forward to a progressive and productive committee year. The committee's charge is to:

As directed by the Executive Committee, survey and assess professional practice standards and qualifications in specified countries and recommend the feasibility of recognition of credentialed non-US professionals to the Board of Directors.

Your committee chair is Sharon A. Jensen, CPA and your primary committee liaison is Patricia Hartman. Should you have any questions, please contact Pat, by email at phartman@nasba.org or by telephone at (615) 880-4273.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

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President & CEO

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Stephanie M. Saunders, CPA
Chair-Elect



National Association of State Boards of Accountancy

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October 11, 2023

Renee Foshee, Esq., CPA
2882 Paso del Robles
San Marcos, TX 78666

Dear Renee:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 Education Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Support the Boards of Accountancy by representing NASBA in the academic community and serving as an advisory resource on education matters related to the accounting profession.

Your committee chair is Alison L. Houck Andrew, CPA and your primary committee liaison is Julie James, CPA, CISA. Should you have any questions, please contact Julie, by email at jjames@nasba.org or by telephone at (615) 312-3801.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

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Sincerely,

Ken L. Bishop
President & CEO

Stephanie M. Saunders, CPA
Chair-Elect



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October 11, 2023

Susan I. Adams, CPA
12221 Merit Dr., Ste 1800
Dallas, TX 75251

Dear Susan:

Thank you for your willingness to serve NASBA by being a member of the 2023-24 Communications Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Promote effective and efficient communication among Boards of Accountancy, NASBA, and their respective stakeholders.

Your primary committee liaison is Thomas G. Kenny. Your committee chair, for the upcoming year, will be appointed at the annual meeting, October 29 – November 1, 2023. You will be notified regarding your committee chair once assigned. Should you have any questions, please contact Tom, by email at tkenny@nasba.org or by telephone at (615) 880-4237.

The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

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Ken L. Bishop
President & CEO

A handwritten signature in black ink, reading "Stephanie M. Saunders".

Stephanie M. Saunders, CPA
Chair-Elect

<p style="text-align: center;">Agenda Item IV Report of the Executive Committee November 8, 2023</p>

C. Review of general correspondence:

DISCUSSION: Ms. Seefeld, Presiding Officer, will review general correspondence coming to the Board's attention.

RECOMMENDATION: None by staff

SUGGESTED MOTION: None by staff

EXAM STAFF

From: Thomasson, Tim <Timothy_Thomasson@baylor.edu>

Sent: Friday, October 6, 2023 10:22 AM

To: Telisa A. Harwell <THarwell@tsbpa.texas.gov>; Tina M. Smith <TSmith@tsbpa.texas.gov>; Maria T. Graziani <MGraziani@tsbpa.texas.gov>; Donna Hiller <DHiller@tsbpa.texas.gov>

Subject: Baylor University CPA Exam Candidates

We would just like to thank all of you for working with our students in processing their Applications of Intent over the past four weeks. The students wanting to take BEC this Fall have now been able to register and are very relieved!

I know the qualifications team had a ton to do over a short period of time, and we really appreciate it.

Best regards,

Tim Thomasson
Graduate Program Director
Accounting and Business Law Department
Hankamer School of Business
Baylor University
Timothy_Thomasson@baylor.edu
(254)710-1179

Laci Richardson, PhD, CPA

Bill and Mildred Crozier Assistant Professor of Accounting
School of Business

o 806.720.7353

c 806.786.9970

e Laci.Richardson@LCU.edu



LUBBOCK CHRISTIAN UNIVERSITY

5601 19TH STREET, LUBBOCK, TX 79407 | LCU.EDU

Donna -

Thank you for all you do for the
TSBPA and for the accounting
profession as a whole. Your hard
work and attention to detail does
not go unnoticed. I can always
count on you to be helpful and
professional. I appreciate you.
Blessings, Laci Richardson



McCOY COLLEGE OF BUSINESS
TEXAS STATE UNIVERSITY

September 28, 2023

Donna Hiller
Director of Qualifications
Texas State Board of Public Accountancy
505 Huntland, Suite 380
Austin, Texas 78752

Dear Donna:

Thank you *so very much* for your presentation last night to our multiple accounting student organizations, the Accounting Club, Beta Alpha Psi, and the National Association of Black Accountants. You reached a combined attendance (in-person plus online) that exceeded 75 (with several faculty members as well).

You are such a *tremendous* resource for our students actively pursuing or considering a CPA. Additionally, you keep accounting educators across the state informed so that we can advise our students accurately. Right now, it seems like there are *so many* changes and we value your knowledge and perspectives.

The information you provided about the new requirements related to the 120-hour legislation was extremely important. There seem to be quite a few “combinations and permutations” of how students can (or cannot) meet those and your descriptions were clear and understandable. You also gave us some “bonus points” by emphasizing several aspects of the “CPA Evolution” that becomes effective on January 1, 2024. We also appreciated learning about expansion of the eligibility for scholarships.

Your enthusiasm for and interest in our profession is tangible. My favorite part of the presentation was the story about your plumber and his CPA. It clearly demonstrated the role of a CPA as a trusted advisor, making significant contributions to the success of a small business.

Again, thank you for your time and your dedication to our students and our profession.

Sincerely,

Dr. Carolyn Conn
Clinical Associate Professor
Department of Accounting

ACCOUNTING

From: Allison <allisoncastleman@gmail.com>
Sent: Wednesday, October 11, 2023 11:34 AM
To: Donna Hiller <DHiller@tsbpa.texas.gov>
Subject: Re: Exam Credit Inquiry

Hi Donna,

Thank you so much for the great news! I'm incredibly grateful for the reinstatement of my AUD credit and the fact that it will allow me to move on to the next step of the certification process. After receiving a passing score for my final exam on 10/9 I am excited to say that I will soon be able to apply for issuance and complete the Rule of Professional Conduct Exam. This opportunity means a lot to me after dedicating almost 2 years to this process, and I am proud that I can truly celebrate completion of the exams along with my final passing score. I look forward to completing the next steps of the process and earning my certification!

Thank you again for this opportunity! Please extend my sincere gratitude to the Executive Director for his consideration.

Best Regards,
Allison Castleman

On Tue, Oct 10, 2023 at 10:08 AM Donna Hiller <DHiller@tsbpa.texas.gov> wrote:

Hello Allison:

Your request for reinstatement of CPA exam credits was considered by the Executive Director. He has granted the reinstatement for the AUD credit beginning on 10-10-2023. These credits will be valid for 18 months. Please understand that on January 1, 2024, all active CPA exam credits will automatically be extended to 6-30-2025. We wish you the best on completing the final section of the CPA exam.

Regards,

Donna Hiller



October 31, 2023

Mr. William Treacy
Executive Director
Texas State Board of Public Accountancy
505 E Huntland Drive, Suite 380
Austin, Texas 78752

Dear Bill,

I want to formally say *thank you* for all you have done to inspire and encourage me to teach both the academic and CPE ethics courses and for being an extraordinary example for all our students in the essential area of accounting ethics.

In each accounting ethics course, I begin by telling students how fortunate we are that Texas has been and continues to be a leader in accounting ethics, with a nationwide reputation for “doing the right thing” and I give you the credit. When I first began teaching in this area, I knew it would be interesting, but did not realize the dramatic effect it would have *in changing my students’ lives*.

The framed narrative “Ethical Growth Experience” from one of my MACy students, Hannah Torres, tells the story of how essential it is to require an academic accounting ethics course. Two of Hannah’s points should inspire all of us:

- It is important for me to have *courage* and to be comfortable with being uncomfortable.
- I think this is one small personal victory that gives me the *confidence* for larger and more high-risk potential situations in the future.

As college students, usually in their early twenties, they are still forming their belief system and solidifying their personal (and professional) values. It is so important for them to have discussions with other students who they know and respect and who will be members of the profession along with hearing from speakers who have been challenged by ethical dilemmas.

Nothing can replace the personal and professional growth that takes place for our students in an accounting ethics class. Assisting them in developing and enhancing their own ethical foundation provides me with meaningful insights and incomparable fulfillment. Again, *thank you*.

Sincerely,

Dr. Carolyn Conn, CPA
Clinical Associate Professor
Department of Accounting

ACCOUNTING

Ethical Growth Experience

Professor Conn,

I wanted to share a recent experience where I faced my own ethical dilemma. I have occasionally been working on the weekends as an ACT proctor. Today, I caught a student cheating. I mentally debated if I should report the student, even though I knew it is blatantly wrong. I went through all stages when trying to decide my further actions (the idea that me almost catching them was enough, the fact that karma will get them, and even doubting if what I saw is truly what happened). After a great deal of thought, I decided that it is important for me to have *courage* and to be comfortable with being uncomfortable.

I let my supervisor know the situation. Although my supervisor decided against taking any action, I am proud of myself for upholding my responsibility and growing as an ethical individual. I strongly believe prior to your class I would have just dismissed the cheating behavior and would not have reported the situation to anyone. Although this isn't like the cases we speak about in class where an individual is stealing hundreds or thousands of dollars from an organization, *I think this is one small personal victory that gives me the confidence for larger and more high-risk potential situations in the future.*

Best,

Hannah Torres, MAcy '21
Texas State University

[Shared with permission of Hannah Torres; edited for length.]

Agenda Item V
Joint Rules, Licensing, and CPE Committee Agenda
November 8, 2023
1:30 p.m.

- A. Discussion, consideration, and possible action concerning proposed revisions to Board Rules 511.52 – *Recognized Institutions of Higher Education*, 511.53 – *Evaluation of International Education Documents*, 511.58 – *Definitions of Related Business Subjects to take the UCPAE*, 511.59 – *Definition of 120 Semester Hours to take the UCPAE*, 511.60 – *Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE*, 511.80 - *Granting of Credit*, 511.87 - *Loss of Credit*, and 511.164 – *Definition of 150 Semester Hours to Qualify for Issuance of a Certificate*.
- B. Discussion, consideration, and possible action concerning the proposed adoption of amendments to Board Rule 511.57 – *Qualified Accounting Courses to take the UCPAE*.
- C. Discussion, consideration, and possible action concerning proposed revisions to Board Rule 515.5 - *Reinstatement of a Certificate or License in the Absence of a Violation of the Board's Rules of Professional Conduct*, 515.11 - *Licensing for Military Service Members, Military Veterans, and Military Spouses*, and new Chapter 516 – *Military Service Members, Spouses and Veterans*.
- D. Discussion, consideration, and possible action on private equity ownership.
- E. Update on December 9, 2023 Swearing-in Ceremony.
- F. Discussion, consideration, and possible action on two ethics course submittals.
- G. Discussion, consideration, and possible action in regards to the proposed changes to the NASBA/AICPA - Statement on Standards for Continuing Professional Education (CPE) Programs.
- H. Discussion, consideration, and possible action regarding the suspension of Global CPE's registration authorizing it to provide continuing professional education to Texas licensees.
- I. Schedule next meeting.

Agenda Item V
Joint Rules, Licensing, and CPE Committee Agenda
November 8, 2023
1:30 p.m.

- A. Discussion, consideration, and possible action concerning proposed revisions to Board Rules 511.52 – *Recognized Institutions of Higher Education*, 511.53 – *Evaluation of International Education Documents*, 511.58 – *Definitions of Related Business Subjects to take the UCPAE*, 511.59 – *Definition of 120 Semester Hours to take the UCPAE*, 511.60 – *Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE*, 511.80 - *Granting of Credit*, 511.87 - *Loss of Credit*, and 511.164 – *Definition of 150 Semester Hours to Qualify for Issuance of a Certificate*.

DISCUSSION:

511.52 & 511.53

There are business entities and other organizations that offer courses which do not meet the minimum standards to be approved by the board to sit for the Uniform CPA Exam. The proposed rule revisions in these two rule revisions identify a specific entity that offers courses that have been evaluated and determined to not meet minimum standards to be used as credit to sit for the Uniform CPA Exam.

511.58, 511.59 & 511.60

The revision for each of these rules propose to identify course work from an organization that the board will not accept for purposes of qualifying to take the Uniform CPA Exam.

511.80 & 511.87

Events occur beyond the control of individuals attempting to become licensed CPAs which interfere with the individual's ability to take or pass the Uniform CPA Exam. The proposed rule revisions would recognize unavoidable and unforeseeable events that create hardships to individuals deserving of a fair opportunity to become CPAs.

511.164

The revision proposes to require at least two hours of course work in research and analysis in order to be certified as a CPA. This is an existing provision that has been relocated to this rule to make it a requirement for certification and not to sit for the exam at 120 hours.

The revision also proposes to identify coursework completed at an identified business entity that may not qualify an applicant seeking to sit for the CPA exam.

RECOMMENDATION: The committee recommends to the Board that it authorize the executive director to publish the revisions as proposed in the *Texas Register* for public comment.

SUGGESTED MOTION: That the committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment as proposed.

1 CHAPTER 511 ELIGIBILITY
2 SUBCHAPTER C EDUCATIONAL REQUIREMENTS
3 RULE §511.52 Recognized Institutions of Higher Education
4

5 (a) The board recognizes institutions of higher education that offer a baccalaureate or
6 higher degree, that either:

7 (1) are accredited by one of the following organizations:

8 (A) Middle States Commission on Higher Education (MSCHE);

9 (B) Northwest Commission on Colleges and Universities (NWCCU);

10 (C) Higher Learning Commission (HLC);

11 (D) New England Commission of Higher Education (NECHE);

12 (E) Southern Association of Colleges and Schools, Commission on Colleges (SACS);

13 and

14 (F) WASC Senior College and University Commission; or

15 (2) provide evidence of meeting equivalent accreditation requirements of SACS.

16 (b) The board is the final authority regarding the evaluation of an applicant's education
17 and has received assistance from the reporting institution in the State of Texas, the
18 University of Texas at Austin, in evaluating:

19 (1) an institution of higher education;

20 (2) organizations that award credits for coursework taken outside of a traditional
21 academic environment and shown on a transcript from an institution of higher
22 education;

23 (3) assessment methods such as credit by examination, challenge exams, and portfolio
24 assessment; and

25 (4) non-college education and training.

26 (c) The following organizations and assessment methods may not be used to meet the
27 requirements of this chapter:

28 (1) American Council on Education (ACE);

29 (2) Prior Learning Assessment (PLA);

30 (3) Defense Activity for Non-Traditional Education Support (DANTES); and

31 (4) Defense Subject Standardized Test (DSST); and :

32 (5) StraighterLine.

- 1 (d) The board may accept courses completed through an extension school, a
2 correspondence school or continuing education program provided that the courses are
3 offered and accepted by the board approved educational institution for a business
4 baccalaureate or higher degree conferred by that educational institution.
- 5 (e) Except as provided in subsection (d) of this section, extension and correspondence
6 schools or programs and continuing education courses do not meet the criteria for
7 recognized institutions of higher education.
- 8 (f) The requirements related to recognized community colleges are provided in §511.54
9 of this chapter (relating to Recognized Texas Community Colleges).
- 10 (g) The board may recognize a community college that offers a baccalaureate degree in
11 accounting or business, provided that the applicant is admitted to a graduate program in
12 accounting or business offered at a recognized institution of higher education that offers
13 a graduate or higher degree.

CHAPTER 511 ELIGIBILITY
SUBCHAPTER C EDUCATIONAL REQUIREMENTS
RULE §511.53 Evaluation of International Education Documents

(a) It is the responsibility of the board to confirm that education obtained at colleges and universities outside of the United States (international education) is equivalent to education earned at board-recognized institutions of higher education in the U.S.

(b) The board shall use, at the expense of the applicant, the services of the University of Texas at Austin, Graduate and International Admissions Center, to validate, review, and evaluate international education documents submitted by an applicant to determine if the courses taken and degrees earned are substantially equivalent to those offered by the board-recognized institutions of higher education located in the U.S. The evaluation shall provide the following information to the board:

(1) Degrees earned by the applicant that are substantially equivalent to those conferred by a board-recognized institution of higher education in the U.S. that meets §511.52 of this chapter (relating to Recognized Institutions of Higher Education);

(2) The total number of semester hours or quarter hour equivalents earned that are substantially equivalent to those earned at U.S. institutions of higher education and that meet §511.59 of this chapter (relating to Definition of 120 Semester Hours to take the UCPAE);

(3) The total number of semester hours or quarter hour equivalents earned in accounting coursework that meets §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(4) An analysis of the title and content of courses taken that are substantially equivalent to courses listed in §511.57 or §511.60 of this chapter; and

(5) The total number of semester hours or quarter hour equivalents earned in business coursework that meets §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE).

(c) The University of Texas at Austin, Graduate and International Admissions Center, may use the American Association of Collegiate Registrars and Admissions Officers

- 1 (AACRAO) material, including the Electronic Database for Global Education (EDGE), in
2 evaluating international education documents.
- 3 (d) Other evaluation or credentialing services of international education are not
4 accepted by the board.
- 5 (e) Credits awarded for coursework taken through the following organizations and
6 shown on a transcript from an institution of higher education may not be used to meet
7 the requirements of this chapter:
- 8 (1) American College Education (ACE);
9 (2) Prior Learning Assessment (PLA);
10 (3) Defense Activity for Non-Traditional Education Support (DANTES); **and**
11 (4) Defense Subject Standardized Test (DSST); **and** !
12 **(5) StraighterLine.**

CHAPTER 511 ELIGIBILITY
SUBCHAPTER C EDUCATIONAL REQUIREMENTS
RULE §511.58 Definitions of Related Business Subjects to take the UCPAE

(a) Related business courses are those business courses that a board recognized institution of higher education accepts for a business baccalaureate or higher degree by that educational institution.

(b) An individual who holds a baccalaureate or higher degree from a recognized educational institution as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) may take related business courses from four-year degree granting institutions, or recognized community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges). Related business courses taken at a recognized community college are only the courses that the board has reviewed and approved to meet this section.

(c) The board will accept no fewer than 24 semester credit hours of upper level courses (for the purposes of this subsection, economics and statistics at any college level will count as upper division courses) as related business subjects (without repeat), taken at a recognized educational institution shown on official transcripts or accepted by a recognized educational institution for purposes of obtaining a baccalaureate degree or its equivalent, in the following areas.

(1) No more than 6 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

(A) business law, including study of the Uniform Commercial Code;

(B) economics;

(C) management;

(D) marketing;

(E) business communications;

(F) statistics and quantitative methods;

(G) information systems or technology; and

(H) other areas related to accounting.

(2) No more than 9 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

(A) finance and financial planning; and

(B) data analytics, data interrogation techniques, cyber security and/or digital acumen in the accounting context, whether taken in the business school or in another college or university program, such as the engineering, computer science, information systems, or math programs (while data analytic tools may be used in the course, application of the tools should be the primary objective of the course).

(d) The board requires that a minimum of 2 upper level semester credit hours in accounting communications or business communications with an intensive writing curriculum be completed. The semester hours may be obtained through a standalone course or offered through an integrated approach. If the course content is offered through integration, the university must advise the board of the course(s) that contain the accounting communications or business communications content. The course may be used toward the 24 semester credit hours of upper level business courses listed in subsection (c)(1) of this section.

(e) Credit for hours taken at recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester hour for each hour of credit received under the quarter system.

(f) Related business courses completed through and offered by an extension school, correspondence school, or continuing education program of a board recognized educational institution may be accepted by the board, provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(g) The board may review the content of business courses and determine if they meet the requirements of this section.

(h) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

- 1 (3) Defense Activity for Non-Traditional Education Support (DANTES); and
- 2 (4) Defense Subject Standardized Test (DSST); and !
- 3 **(5) StraighterLine.**

CHAPTER 511 ELIGIBILITY
SUBCHAPTER C EDUCATIONAL REQUIREMENTS
RULE §511.59 Definition of 120 Semester Hours to take the UCPAE

(a) To be eligible to take the UCPAE, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

(1) no fewer than 21 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE); and

(3) academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) and (2) of this subsection meets or exceeds 120 semester hours.

(b) An individual holding a baccalaureate degree conferred by a board-recognized institution of higher education, as defined by §511.52 of this chapter, and who has not completed the requirements of this section shall meet the requirements by taking coursework in one of the following ways:

(1) complete upper level or graduate courses at a board recognized institution of higher education as defined in §511.52 of this chapter that meets the requirements of subsection (a)(1) and (2) of this section; or

(2) enroll in a board recognized community college as defined in §511.54 of this chapter (relating to Recognized Texas Community Colleges) and complete board approved accounting or business courses that meet the requirements of subsection (a)(1) and (2) of this section. Only specified accounting and business courses that are approved by the board will be accepted as not all courses offered at a community college are accepted.

- 1 (c) The following courses, courses of study, certificates, and programs may not be used
2 to meet the 120-semester hour requirement:
- 3 (1) any CPA review course offered by an institution of higher education or a proprietary
4 organization;
- 5 (2) remedial or developmental courses offered at an educational institution; and
- 6 (3) credits awarded for coursework taken through the following organizations and shown
7 on a transcript from an institution of higher education may not be used to meet the
8 requirements of this chapter:
- 9 (A) American College Education (ACE);
- 10 (B) Prior Learning Assessment (PLA);
- 11 (C) Defense Activity for Non-Traditional Education Support (DANTES); **and**
- 12 (D) Defense Subject Standardized Test (DSST); **and** ;
- 13 **(E) StraighterLine.**
- 14 (d) The hours from a course that has been repeated will be counted only once toward
15 the required 120 semester hours.

CHAPTER 511 ELIGIBILITY
SUBCHAPTER C EDUCATIONAL REQUIREMENTS
RULE §511.60 Qualified Accounting Courses Prior to January 1, 2024 to take
the UCPAE

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present valid transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 semester credit hours of upper division accounting courses as defined in subsection (e) of this section; or

(2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter, and after obtaining the degree, complete the requisite 21 semester credit hours of upper division accounting courses, as defined in subsection (e) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 of this chapter, and that the accounting programs offered at the community colleges are reviewed and accepted by the board.

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 semester credit hours of accounting courses from the courses listed in subsection (e)(1) - (14) of this section. The hours from a course that has been repeated will be counted only once toward the required 21 semester hours. The courses must meet the board's standards by containing sufficient business knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate degree or its equivalent, and they must be shown on an official transcript.

(d) A non-traditionally-delivered course meeting the requirements of this section must have been reviewed and approved through a formal, institutional faculty review process

1 that evaluates the course and its learning outcomes and determines that the course
2 does, in fact, have equivalent learning outcomes to an equivalent, traditionally delivered
3 course.

4 (e) The subject-matter content should be derived from the UCPAE Blueprints and cover
5 some or all of the following:

6 (1) financial accounting and reporting for business organizations that may include:

7 (A) up to nine semester credit hours of intermediate accounting;

8 (B) advanced accounting; or

9 (C) accounting theory;

10 (2) managerial or cost accounting (excluding introductory level courses);

11 (3) auditing and attestation services;

12 (4) internal accounting control and risk assessment;

13 (5) financial statement analysis;

14 (6) accounting research and analysis;

15 (7) up to 12 semester credit hours of taxation (including tax research and analysis);

16 (8) financial accounting and reporting for governmental and/or other nonprofit entities;

17 (9) up to 12 semester credit hours of accounting information systems, including
18 management information systems ("MIS"), provided the MIS courses are listed or cross-
19 listed as accounting courses, and the institution of higher education accepts these
20 courses as satisfying the accounting course requirements for graduation with a degree
21 in accounting;

22 (10) up to 12 semester credit hours of accounting data analytics, provided the institution
23 of higher education accepts these courses as satisfying the accounting course
24 requirements for graduation with a degree in accounting (while data analytics tools may
25 be taught in the courses, application of the tools should be the primary objective of the
26 courses);

27 (11) fraud examination;

28 (12) international accounting and financial reporting;

29 (13) at its discretion, the board may accept up to three semester credit hours of
30 accounting course work with substantial merit in the context of a career in public
31 accounting, provided the course work is predominantly accounting or auditing in nature

but not included in paragraphs (1) - (12) of this subsection (for any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content); and

(14) at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision (the curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed).

(f) The board requires that a minimum of two semester credit hours in research and analysis relevant to the course content described in subsection (e)(6) or (7) of this section be completed. The semester credit hours may be obtained through a discrete course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education must advise the board of the course(s) that contain the research and analysis content.

(g) The following types of introductory courses do not meet the accounting course definition in subsection (e) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) CPE courses shall not be used to meet the accounting course definition.

(j) Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(k) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);

- 1 (2) Prior Learning Assessment (PLA);
- 2 (3) Defense Activity for Non-Traditional Education Support (DANTES); and
- 3 (4) Defense Subject Standardized Test (DSST); and ;
- 4 **(5) StraighterLine.**

1 CHAPTER 511 ELIGIBILITY
2 SUBCHAPTER D CPA EXAMINATION
3 RULE §511.80 Granting of Credit

4
5 (a) The board shall grant credit to an applicant for the satisfactory completion of a
6 section of the UCPAE provided the applicant earns a passing score on the section as
7 determined by board rule. The credit shall be valid for 30 months from the actual date of
8 notification of passing score results. The 30 months may be temporarily extended by the
9 executive director, in accordance with §901.307(b) of the Act (relating to Grading
10 Examination), in order to provide for uniformity with other state regulatory authorities or
11 for reasonably unforeseeable or uncontrollable events.

12 (b) An applicant must pass the remaining sections within the next 30 months. Should an
13 applicant's exam credit be invalidated due to the expiration of 30 months without
14 earning credit on the remaining sections, the applicant remains qualified to take the
15 examination.

16 (c) An applicant receiving and retaining credit for every section on the UCPAE, within a
17 30-month period, shall be considered by the board to have completed the examination
18 and may make application for certification as a CPA.

19 (d) Effective January 1, 2024, an applicant under this section shall have 36 months from
20 the time all test sections are passed to meet the education requirements of §511.164 of
21 this chapter (relating to Definition of 150 Semester Hours to Qualify for Issuance of a
22 Certificate) or the credit for all test sections will expire.

23 (e) Effective January 1, 2024, an applicant who has an active credit on a section of the
24 UCPAE shall have earned credit on the newly structured UCPAE as follows:

25 (1) credit on auditing and attestation (AUD) shall transition to auditing and attestation
26 (AUD);

27 (2) credit on financial accounting and reporting (FAR) shall transition to financial
28 accounting and reporting (FAR);

29 (3) credit on regulation (REG) shall transition to taxation and regulation (REG); and

30 (4) credit on business environment and concepts (BEC) shall not transition to a specific
31 discipline as there is not an equivalent section, however, credit will be retained in lieu of
32 a discipline.

(f) Effective January 1, 2024, the Board shall grant credit to an applicant for the satisfactory completion of the following sections of the UCPAE provided the applicant earns a passing score on the section as determined by board rule. The credit shall be valid for 30 months from the actual date of notification of passing score results:

- (1) auditing and attestation (AUD);
- (2) financial accounting and reporting (FAR);
- (3) taxation and regulation (REG); and
- (4) one of the following discipline sections:

- (A) business analysis and reporting (BAR);
- (B) information systems and controls (ISC); or
- (C) tax compliance and planning (TCP).

(g) An applicant who has received and retained credit for any or all sections on the UCPAE may transfer such credits to another licensing jurisdiction if the applicant pays in advance a transfer fee set by board rule as identified in §521.7 of this title (relating to Fee for Transfer of Credits).

(h) If the UCPAE is restructured by the AICPA, the board shall determine the manner in which active credit earned prior to the restructure for a subject is integrated into the new UCPAE.

(i) Credits earned between January 1, 2020 and January 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:

- (1) the applicant was impacted by an unforeseeable and uncontrollable event; and**
- (2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.**

(j) (i) Interpretive Comment: For the purpose of this section unforeseeable and uncontrollable events include, but are not limited to, the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God.

1 CHAPTER 511 ELIGIBILITY
2 SUBCHAPTER D CPA EXAMINATION
3 RULE §511.87 Loss of Credit

5 (a) An applicant having earned credit under this Act or a prior Act and who has two
6 testing quarters remaining before the expiration of credits earned shall be notified prior
7 to each UCPAE of these facts.

8 (b) An applicant failing to receive credit for all sections within the time limitation of this
9 Act shall be notified that credits have expired.

10 (c) The expiration of credits shall not hinder an applicant from reapplying for the
11 examination.

12 **(d) Credits earned between January 1, 2020 and January 1, 2024 that are no longer**
13 **valid may be considered for reinstatement for not more than 18 months from the date**
14 **that reinstatement occurs. The following conditions are required:**

15 **(1) the applicant was impacted by an unforeseeable and uncontrollable extreme**
16 **hardship event; and**

17 **(2) the applicant provides documentation to substantiate the unforeseeable and**
18 **uncontrollable event.**

19 **(e) An extreme hardship event that limits the applicant is defined as:**

20 **(1) a serious illness of an applicant or member of the immediate family, which**
21 **includes a spouse, child, sibling or parent;**

22 **(2) death of an immediate family member;**

23 **(3) accidents that impacts the applicant;**

24 **(4) military service of the applicant; or**

25 **(5) natural disasters that impacts the applicant.**

CHAPTER 511 ELIGIBILITY
SUBCHAPTER C EDUCATIONAL REQUIREMENTS
RULE §511.164 Definition of 150 Semester Hours to Qualify for Issuance of a Certificate

(a) To qualify for the issuance of a CPA certificate, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

(1) no fewer than 27 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE) **to include a minimum of two semester credit hours in research and analysis;**

(2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE);

(3) a three semester hour board-approved standalone course in accounting or business ethics. The course must be taken at a recognized educational institution and should provide students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior in the best interest of the public and profession. The ethics course shall:

(A) include the ethics rules of the AICPA, the SEC, and the board;

(B) provide a foundation for ethical reasoning, including the core values of integrity, objectivity, and independence; and

(C) be taught by an instructor who has not been disciplined by the board for a violation of the board's rules of professional conduct, unless that violation has been waived by the board; and

(4) academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) - (3) of this subsection meets or exceeds 150 semester hours, of which 120 semester hours meets the education

requirements defined by §511.59 of this chapter (relating to Definition of 120 Semester Hours to take the UCPAE). An applicant who has met paragraphs (1) - (3) of this subsection may use a maximum of 9 total semester credit hours of undergraduate or graduate independent study and/or internships as defined in §511.51(b)(4) or §511.51(b)(5) of this chapter (relating to Educational Definitions) to meet this paragraph. The courses shall consist of:

- (A) a maximum of three semester credit hours of independent study courses; and
- (B) a maximum of six semester credit hours of accounting/business course internships.

(b) The following courses, courses of study, certificates, and programs may not be used to meet the 150 semester hour requirement:

- (1) any CPA review course offered by an institution of higher education or a proprietary organization;
- (2) remedial or developmental courses offered at an educational institution; and
- (3) credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirement of this chapter:
 - (A) American College Education (ACE);
 - (B) Prior Learning Assessment (PLA);
 - (C) Defense Activity for Non-Traditional Education Support (DANTES); **and**
 - (D) Defense Subject Standardized Test (DSST); **and**;
 - (E) StraighterLine.**

(c) The hours from a course that has been repeated will be counted only once toward the required semester hours.

Agenda Item V
Joint Rules, Licensing, and CPE Committee Agenda
November 8, 2023
1:30 p.m.

- B. Discussion, consideration, and possible action concerning the proposed adoption of amendments to Board *Rule 511.57 – Qualified Accounting Courses to take the UCPAE*.

DISCUSSION: Effective January 1, 2024, an applicant to sit for the Uniform CPA Exam must have at least 21 semester hours of upper division accounting courses. Of those 21 hours, 12 semester hours must be derived from intermediate accounting, financial statement auditing, taxation and accounting information systems or accounting data analytics. Of the 12 semester hours, at least three hours must be in one of the course contents identified in the rule.

The revision proposes to add accounting data analytics as one of the course content options. The revision also proposes to allow up to six semester hours of financial accounting and reporting for business organizations to be a part of the required 21 semester hours. The revision proposes to remove and relocate to another rule the need for two hours in research and analysis in order to sit for the exam with 120 semester hours. The revision also proposes to identify course work from an organization that the board will not accept for purposes of qualifying to take the Uniform CPA Exam.

RECOMMENDATION: The staff recommends that the Rules Committee recommend to the Board the adoption of the proposed rule as published in the *Texas Register* and any amendments by the Rules Committee.

SUGGESTED MOTION: That the Rules Committee recommend to the Board that the Board adopt the proposed rule amendments published in the *Texas Register* for public comment.

1 CHAPTER 511 ELIGIBILITY
2 SUBCHAPTER C EDUCATIONAL REQUIREMENTS
3 RULE §511.57 Qualified Accounting Courses to take the UCPAE

4
5 (a) An applicant shall meet the board's accounting course requirements in one of the
6 following ways:

7 (1) Hold a baccalaureate or higher degree from a board-recognized institution of higher
8 education as defined by §511.52 of this chapter (relating to Recognized Institutions of
9 Higher Education) and present official transcript(s) from board-recognized institution(s)
10 that show degree credit for no fewer than 21 semester credit hours of upper division
11 accounting courses as defined in subsections (e), (f) and (g) of this section; or

12 (2) Hold a baccalaureate or higher degree from a board-recognized institution of higher
13 education as defined by §511.52 of this chapter, and after obtaining the degree,
14 complete the requisite 21 semester credit hours of upper division accounting courses,
15 as defined in subsections (e), (f) and (g) of this section, from four-year degree granting
16 institutions, or accredited community colleges, provided that all such institutions are
17 recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to
18 Recognized Texas Community Colleges).

19 (b) Credit for hours taken at board-recognized institutions of higher education using the
20 quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit
21 received under the quarter system.

22 (c) The board will accept no fewer than 21 semester credit hours of accounting courses
23 from the courses listed in subsections (e), (f) and (g) of this section. The hours from a
24 course that has been repeated will be counted only once toward the
25 required 21 semester hours. The courses must meet the board's standards by
26 containing sufficient accounting knowledge and application to be useful to candidates
27 taking the UCPAE. A board-recognized institution of higher education must have
28 accepted the courses for purposes of obtaining a baccalaureate or higher degree or its
29 equivalent, and they must be shown on an official transcript.

30 (d) Upper level accounting coursework recognized by the board and in effect prior to
31 January 1, 2024, may be found in §511.60 of this chapter (relating to Qualified
32 Accounting Courses Prior to January 1, 2024 to take the UCPAE).

(e) Effective January 1, 2024, the subject-matter content should be derived from the UCPAE Blueprint. A minimum of 12 semester hours with at least three semester hours in each of the following accounting course content area is required:

(1) financial accounting and reporting for business organizations **or intermediate accounting;** ~~that may include:~~

~~(A) intermediate accounting;~~

~~(B) advanced accounting; and~~

~~(C) accounting theory;~~

(2) financial statement auditing;

(3) taxation; and

(4) accounting information systems **or accounting data analytics.**

(f) Effective January 1, 2024, a minimum of 9 hours in any of the following accounting course content area is required:

(1) up to 6 semester credit hours of additional financial accounting and reporting for business organizations or intermediate accounting;

(2) advanced accounting;

(3) accounting theory;

(4) (1) managerial or cost accounting (excluding introductory level courses);

(5) (2) auditing and attestation services;

(6) (3) internal accounting control and risk assessment;

(7) (4) financial statement analysis;

(8) (5) accounting research and analysis;

(9) (6) up to 9 semester credit hours of taxation (including tax research and analysis);

(10) (7) financial accounting and reporting for governmental and/or other nonprofit entities;

(11) (8) up to 9 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

1 ~~(12)~~ (9) up to 9 semester credit hours of accounting data analytics, provided the
2 institution of higher education accepts these courses as satisfying the accounting
3 course requirements for graduation with a degree in accounting; business data analytics
4 may be considered provided the courses are listed or cross-listed as accounting
5 courses, and the institution of higher education accepts these courses as satisfying the
6 accounting course requirements for graduation with a degree in accounting; (while data
7 analytics tools may be taught in the courses, application of the tools should be the
8 primary objective of the courses);

9 ~~(13)~~ (10) fraud examination;

10 ~~(14)~~ (11) international accounting and financial reporting;

11 ~~(15)~~ (12) mergers and acquisitions;

12 ~~(16)~~ (13) financial planning;

13 ~~(17)~~ (14) at its discretion, the board may accept up to three semester hours of credit of
14 accounting course work with substantial merit in the context of a career in public
15 accounting, provided the course work is predominantly accounting or auditing in nature
16 but not included in paragraphs (1) – ~~(16)~~ (13) of this subsection. For any course
17 submitted under this provision, the Accounting Faculty Head or Chair must affirm to the
18 board in writing the course's merit and content; and

19 ~~(18)~~ (15) at its discretion, the board may accept up to three semester credit hours of
20 independent study in accounting selected or designed by the student under faculty
21 supervision. The curriculum for the course shall not repeat the curriculum of another
22 accounting course that the student has completed.

23 ~~(g) The board requires that a minimum of two semester credit hours in research and~~
24 ~~analysis relevant to the course content described in subsection (f) of this section be~~
25 ~~completed. The semester credit hours may be obtained through a standalone course or~~
26 ~~offered through an integrated approach. If the course content is offered through~~
27 ~~integration, the institution of higher education must advise the board of the course(s)~~
28 ~~that contain the research and analysis content. The course may be used toward~~
29 ~~the 9 semester credit hours of upper level accounting courses identified in subsection~~
30 ~~(f)(5) of this section.~~

(g) ~~(h)~~ The following types of introductory courses do not meet the accounting course definition in subsections (e) and (f) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) ~~(i)~~ Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) ~~(j)~~ CPE courses shall not be used to meet the accounting course definition.

(j) ~~(k)~~ An ethics course required in §511.58(d) of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE) shall not be used to meet the accounting course definition in subsections (e) and (f) of this section.

(k) ~~(l)~~ Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(l) ~~(m)~~ The board may review the content of accounting courses and determine if they meet the requirements of this section.

(m) ~~(n)~~ Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);
- (2) Prior Learning Assessment (PLA);
- (3) Defense Activity for Non-Traditional Education Support (DANTES); **and**
- (4) Defense Subject Standardized Test (DSST); **and** ;
- (5) StraighterLine.**

Agenda Item V
Joint Rules, Licensing, and CPE Committee Agenda
November 8, 2023
1:30 p.m.

- C. Discussion, consideration, and possible action concerning proposed revisions to Board *Rule 515.5 - Reinstatement of a Certificate or License in the Absence of a Violation of the Board's Rules of Professional Conduct*, *515.11 - Licensing for Military Service Members, Military Veterans, and Military Spouses*, and new *Chapter 516 – Military Service Members, Spouses and Veterans*.

DISCUSSION:

515.5 & 515.11

Rule 515.5 updates a rule reference to new *Chapter 516*. *Rule 515.11* is relocated to new *Chapter 516*. These revisions implement the provisions provided in Texas Occupation Code Chapter 55 which provides accommodations to military service members, spouses, and veterans.

516.1

Texas Occupation Code Chapter 55 directs state agencies to accommodate military service members, military spouses and military veterans in practicing accounting in Texas. This rule provides the definitions for the following rules.

516.2

The proposed new rule provides a pathway to licensure for qualified **military service members and military spouses** in providing accounting services in Texas in recognition of their service to this state to protect this state and its residents and assist them in overcoming the hardships created from their current military assignments.

516.3

This proposed rule will address accommodations for **military veterans**.

516.4

Texas Occupation Code Chapter 55.0041 directs state agencies to accommodate **military service members and military spouses** in practicing accounting in Texas while serving in the armed services. It allows military service members and military spouses to **practice public accounting in Texas without a license** and fees for up to three years so long as they have a license from a jurisdiction with substantially equivalent requirements. They may also practice in Texas without a license if they held a license in Texas within five years preceding the application date.

RECOMMENDATION: The committee recommends to the Board that it authorize the executive director to publish the revisions as proposed in the *Texas Register* for public comment.

SUGGESTED MOTION: That the committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment as proposed.

1 CHAPTER 515

LICENSES

2 RULE §515.5

Reinstatement of a Certificate or License in the Absence of a
Violation of the Board's Rules of Professional Conduct

5 (a) An individual whose license has been expired for 90 days or less may renew the
6 license by paying to the board a renewal fee that is equal to 1 1/2 times the normally
7 required renewal fee.

8 (b) An individual whose license has been expired for more than 90 days but less than
9 one year may renew the license by paying to the board a renewal fee that is equal to
10 two times the normally required renewal fee.

11 (c) An individual whose license has been expired for at least one year but less than two
12 years may renew the license by paying to the board a renewal fee that is equal to three
13 times the normally required renewal fee.

14 (d) An individual whose license has been expired for two years or more may obtain a
15 license by paying all renewal fees including late fees.

16 (e) An individual whose license has been suspended or certificate revoked for the
17 voluntary non-payment of the annual license fees, the voluntary non-completion of the
18 annual license renewal, or the voluntary non-completion of the board required CPE may
19 be administratively reinstated by complying with the board's CPE requirements pursuant
20 to Chapter 523 of this title (relating to Continuing Professional Education) and providing
21 the board the individual's required fingerprints if not previously submitted; and

22 (1) by paying all renewal fees including late fees; or

23 (2) upon showing of good cause, entering into an Agreed Consent Order that
24 reinstates the certificate and permits the issuance of a conditional license with the
25 agreement to pay all required fees by a certain date.

26 (f) An individual who was revoked under §901.502(3) or (4) of the Act (relating to
27 Grounds for Disciplinary Action), has moved to another state, and is currently licensed
28 and has been in practice in the other state for the two years preceding the date of
29 submitting a complete application may obtain a new license without reexamination by:

30 (1) providing the board with a complete application including evidence of the required
31 licensure;

1 (2) demonstrating that the out of state license is no more than 90 days beyond the
2 normal expiration date of the license;

3 (3) paying the board a fee that is equal to two times the normally required renewal fee
4 for the license; and

5 (4) meeting the other requirements for licensing.

6 (g) If the certificate, license, or registration was suspended, or revoked for non-payment
7 of annual license fees, failure to complete the annual license renewal, or failure to
8 comply with §501.94 of this title (relating to Mandatory Continuing Professional
9 Education), upon written application the executive director will decide on an individual
10 basis whether the renewal fees including late fees must be paid for those years and
11 whether any fee exemption is applicable.

12 (h) A military service member, military veteran or military spouse may obtain a license in
13 accordance with the provisions of **Chapter 516 of this title (relating to Military**
14 **Service Members, Spouses and Veterans)** ~~§515.11 of this chapter (relating to~~
15 ~~Licensing for Military Service Members, Military Veterans, and Military Spouses).~~

16 (i) Interpretive Comment: Effective September 1, 2015, when calculating the renewal
17 fee provided for in subsections (a) - (d) of this section, the professional fee that was
18 required by §901.406 and §901.407 of the Act (relating to Fee Increase and Additional
19 Fee) will no longer be included in the renewal fee. However, when calculating any
20 renewal fees accrued prior to September 1, 2015, the professional fee that was required
21 by §901.406 and §901.407 of the Act will be included in the renewal fee.

1 ~~CHAPTER 515~~ ~~LICENSES~~

2 ~~RULE §515.11~~ ~~Licensing for Military Service Members, Military Veterans, and~~
3 ~~Military Spouses~~

4
5 ~~(a) This section applies to all board licensing requirements, other than the examination~~
6 ~~requirement, for the issuance of a license to a military service member, military veteran~~
7 ~~or military spouse as applicable for the practice of public accountancy in this state.~~

8 ~~(b) The following definitions apply to the licensing of service members, military veterans~~
9 ~~and military spouses.~~

10 ~~—(1) "Active duty" means current full-time military service in the armed forces of the~~
11 ~~United States or active duty military service as a member of the Texas military forces,~~
12 ~~as defined by §437.001 of the Texas Government Code (relating to Definitions), or~~
13 ~~similar military service of another state.~~

14 ~~—(2) "Armed forces of the United States" means the army, navy, air force, space force,~~
15 ~~coast guard, or marine corps of the United States or a reserve unit of one of those~~
16 ~~branches of the armed forces.~~

17 ~~—(3) "Military service member" means a person who is on active duty.~~

18 ~~—(4) "Military spouse" means a person who is married to a military service member.~~

19 ~~—(5) "Military veteran" means a person who has served on active duty and who was~~
20 ~~discharged or released from active duty.~~

21 ~~(c) A military service member, military veteran or military spouse may obtain a license if~~
22 ~~the applicant for licensure:~~

23 ~~—(1) holds a current license issued by another jurisdiction that has licensing~~
24 ~~requirements that are substantially equivalent to the licensing requirements in this state;~~
25 ~~or~~

26 ~~—(2) within the five years preceding the application date held a license in this state.~~

27 ~~(d) The executive director may waive any prerequisite to obtaining a license for an~~
28 ~~applicant described in subsection (c) of this section after reviewing the applicant's~~
29 ~~credentials. The board may not give credit if the applicant holds a restricted license~~
30 ~~issued by another jurisdiction or has an unacceptable criminal history according to~~
31 ~~Chapter 53 of the Texas Occupations Code (relating to Consequences of Criminal~~
32 ~~Conviction).~~

33 ~~(e) The board will process a license, as soon as practical, to a military service member,~~
34 ~~military veteran or military spouse and issue a non-provisional license when the board~~
35 ~~determines the applicant is qualified in accordance with board rules.~~

36 ~~(f) The board will notify the license holder of the requirements for renewing the license~~
37 ~~in writing or by electronic means and the term of the license.~~

38 ~~(g) In lieu of the standard method(s) provided in §511.161 of this title (relating to~~
39 ~~Qualifications for Issuance of a Certificate) for obtaining a license, a military service~~
40 ~~member, military veteran or military spouse may be licensed and the executive director~~
41 ~~may consider, other methods that demonstrate the applicant is qualified to be licensed.~~

42 ~~(h) The board, pursuant to §511.123 of this title (relating to Reporting Work Experience),~~
43 ~~requires a minimum of one year of work experience and the board shall credit verified~~
44 ~~military service, training or education that is relevant toward this experience requirement~~
45 ~~as described in §511.122(c)(3)(D) of this title (relating to Acceptable Work Experience).~~

- 1 ~~(i) The board shall, with respect to a military service member or military veteran, apply~~
- 2 ~~credit toward the licensing requirement for verified military service, training, or~~
- 3 ~~education. The board may not substitute credit for the examination requirement.~~

1 CHAPTER 516 MILITARY SERVICE MEMBERS, SPOUSES AND VETERANS
2 RULE §516.1 Definitions

3
4 The following words and terms, when used in title 22, part 22 of the Texas
5 Administrative Code relating to the Texas State Board of Public Accountancy,
6 shall have the following meanings:

7 (1) "Active duty" means current full-time military service in the armed forces of
8 the United States or active duty military service as a member of the Texas military
9 forces, as defined by §437.001 of the Texas Government Code (relating to
10 Definitions), or similar military service of another state.

11 (2) "Armed forces of the United States" means the army, navy, air force, space
12 force, coast guard, or marine corps of the United States or a reserve unit of one
13 of those branches of the armed forces.

14 (3) "Military service member" means a person who is on active duty.

15 (4) "Military spouse" means a person who is married to a military service
16 member.

17 (5) "Military veteran" means a person who has served on active duty and who
18 was discharged or released from active duty.

19 (6) "Restrictive license" includes the following or its equivalent:

20 (A) an individual license that does not permit the attest service practice;

21 (B) an individual's retired or disabled license that limits an individual's
22 authority to practice public accountancy;

23 (C) an individual's non-public industry license or authorization to practice; or

24 (D) a license that limits the scope of the individual's right to practice public
25 accountancy.

3
4 **(a) A military service member or military spouse may obtain a license if the**
5 **applicant for licensure:**

6 **(1) through the fingerprinting process, has been deemed to have an acceptable**
7 **criminal history according to Chapter 53 of the Texas Occupations Code (relating**
8 **to Consequences of Criminal Conviction); and**

9 **(2) holds a current license with no restrictions issued by another jurisdiction that**
10 **has licensing requirements that are substantially equivalent to the licensing**
11 **requirements in this state; or**

12 **(3) within the five years preceding the application date held a license in this**
13 **state.**

14 **(b) The executive director may:**

15 **(1) waive any prerequisite to obtaining a license for an applicant described in**
16 **subsection (a) of this section after reviewing the applicant's credentials; or**

17 **(2) consider, other methods that demonstrate the applicant is qualified to be**
18 **licensed.**

19 **(c) The board will:**

20 **(1) process a military service member or military spouse's license application, as**
21 **soon as practical but no more than 30 days from the date of receipt of the**
22 **application, and issue a non-provisional license when the board determines the**
23 **applicant is qualified in accordance with board rules;**

24 **(2) waive the license application and examination for a military service member or**
25 **military spouse applicant:**

26 **(A) whose military service, training or education substantially meets all the**
27 **requirements for a license; or**

28 **(B) who holds a current license issued by another jurisdiction that has licensing**
29 **requirements that are substantially equivalent to this agency's requirements; and**

30 **(3) notify the license holder of the requirements for renewing the license in**
31 **writing or by electronic means and the term of the license.**

3
4 **(a) A military veteran may obtain a license if the applicant for licensure:**

5 **(1) through the fingerprinting process, has been deemed to have an acceptable**
6 **criminal history according to Chapter 53 of the Texas Occupations Code (relating**
7 **to Consequences of Criminal Conviction); and**

8 **(2) holds a current license with no restrictions issued by another jurisdiction that**
9 **has licensing requirements that are substantially equivalent to the licensing**
10 **requirements in this state; or**

11 **(3) within the five years preceding the application date held a license in this**
12 **state.**

13 **(b) The executive director may:**

14 **(1) waive any prerequisite to obtaining a license for an applicant described in**
15 **subsection (a) of this section after reviewing the applicant's credentials; or**

16 **(2) consider, other methods that demonstrate the applicant is qualified to be**
17 **licensed.**

18 **(c) The board will:**

19 **(1) process a military veteran's license application, as soon as practical but no**
20 **more than 30 days from the date of receipt of the application, and issue a non-**
21 **provisional license when the board determines the applicant is qualified in**
22 **accordance with board rules;**

23 **(2) waive the license application and examination for a military veteran applicant:**

24 **(A) whose military service, training or education substantially meets all the**
25 **requirements for a license; or**

26 **(B) who holds a current license issued by another jurisdiction that has licensing**
27 **requirements that are substantially equivalent to this agency's requirements; and**

28 **(3) notify the license holder of the requirements for renewing the license in**
29 **writing or by electronic means and the term of the license.**

1 CHAPTER 516 MILITARY SERVICE MEMBERS, SPOUSES AND VETERANS
2 RULE §516.4 Accounting Practice Notification by Military Service Members
3 and Spouses

4
5 (a) This section applies to all board regulated public accountancy practice
6 requirements, other than the examination requirement, by a military service
7 member or military spouse not requiring a license.

8 (b) A military service member or military spouse:

9 (1) may practice accounting in Texas during the period the military service
10 member or military spouse is stationed at a military installation in Texas for a
11 period not to exceed the third anniversary of the date the military service member
12 or military spouse receives confirmation of authorization to practice by the board,
13 if the military service member or military spouse:

14 (A) notifies the board of an intent to practice public accountancy in this state;

15 (B) submits proof of residency in this state along with a copy of their military
16 identification card;

17 (C) receives from the board confirmation that the board has verified the license in
18 the other jurisdiction and that the other jurisdiction has licensing requirements
19 that are substantially equivalent to the board's licensing requirements; and

20 (D) receives confirmation of authorization to practice public accountancy in
21 Texas from the board;

22 (2) may not practice in Texas with a restricted license issued by another
23 jurisdiction nor practice with an unacceptable criminal history according to
24 Chapter 53 of the Texas Occupations Code (relating to Consequences of Criminal
25 Conviction); and

26 (3) shall comply with all other laws and regulations applicable to the practice of
27 public accountancy in this state including, but not limited to, providing attest
28 services through a licensed accounting firm.

29 (e)The board, in no less than 30 days following the receipt of notice of intent, will
30 provide confirmation of authorization to practice to a military service member or
31 military spouse, who has satisfied the board's rules.

1 (f) In the event of a divorce or similar event that affects a person's status as a
2 military spouse, the spouse may continue to engage in the business or
3 occupation under the authority of this section until the third anniversary of the
4 date the spouse received the confirmation described by subsection (b)(1)(D) of
5 this section.

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1:30 p.m.

D. Discussion, consideration, and possible action on private equity ownership.

DISCUSSION: The current *Act* and *Board Rules* (and the Uniform Accountancy Act) precludes the idea that a private equity firm could take ownership of a licensed CPA firm that provides attestation services. *Board Rules §513.10 - Firm License* and *§513.11 - Qualifications for Non-CPA Owners of Firm License Holders* (attached) articulates this position.

A currently licensed firm could be reorganized to dissociate the attest practice from the other financial services they may offer to clients (consulting, tax, etc.), but the attest practice would need to be separate and removed from the acquisition. The remaining acquired firm asset would no longer be a CPA firm and would need to proceed down the path as an unlicensed entity. And comply with all the restrictions placed on that operation that will employ CPAs and offer various non-attest services (*Board Rule §518.5 - Unlicensed Entities*).

Reference a recent article in the *Journal of Accountancy* - [Private equity eyes accounting firms large and small - Journal of Accountancy](#)

The notion that private equity would be unable to acquire a CPA firm would still be true (and has been presented at various NASBA events), but a private equity firm could acquire everything else and operate as an unlicensed entity with a fair amount of organizational gymnastics and monitoring by the Board for compliance with the *Act* and the *Rules*.

RECOMMENDATION: None.

SUGGESTED MOTION: None.

1 CHAPTER 513 REGISTRATION
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS
3 RULE §513.10 Firm License

4
5 (a) A firm providing attest services or using the titles CPAs, CPA Firm, Certified Public
6 Accountants, Certified Public Accounting Firm, Auditing Firm, or a variation of any of
7 those titles shall do so only through a licensed firm.

8 (b) To be eligible for a firm license, the firm must show:

9 (1) that a majority of the ownership of the firm, in terms of both financial interests and
10 voting rights, belongs to individuals who hold certificates issued under this chapter or
11 are licensed as a CPA in another state; or

12 (2) that when the firm ownership includes professional organizations, as defined in
13 §301.003(7) of the Texas Business Organizations Code, the professional organizations
14 must be owned by individuals that hold a certificate issued under this chapter or are
15 licensed in another state; and

16 (3) that all attest services performed by the firm in this state are under the supervision
17 of an individual within the firm who holds a certificate issued by the board or by another
18 state that has not been suspended or revoked.

19 (c) Financial interests shall include but shall not be limited to stock shares, capital
20 accounts, capital contributions, and equity interests of any kind. Financial interests also
21 include contractual rights and obligations similar to those of partners, shareholders or
22 other owners of an equity interest in a legal entity.

23 (d) Voting rights shall include but shall not be limited to any right to vote on the firm's
24 ownership, business, partners, shareholders, management, profits, losses and/or equity
25 ownership.

26 (e) Interpretive comment: A licensee offering non-attest services as defined in §901.005
27 of the Act (relating to Findings; Public Policy; Purpose) through an unlicensed firm in
28 accordance with §501.81(d) of this title may not use the CPA designation in the
29 unlicensed firm's name. For example: John Smith may not use the firm name "John
30 Smith, CPA" unless the firm is licensed by the board.

- 1 (f) Interpretive comment: §901.351(a) of the Act (relating to Firm License Required),
2 §501.81(a) of this title and subsection (a) of this section require a firm license in order to
3 use the CPA designation except as provided for in §501.81(d) of this title.
4 (g) Interpretive comment: A professional organization includes a professional
5 corporation or professional limited liability company.

1 CHAPTER 513 REGISTRATION
2 SUBCHAPTER B REGISTRATION OF CPA FIRMS
3 RULE §513.11 Qualifications for Non-CPA Owners of Firm License Holders

4
5 (a) A firm which includes non-CPA owners may not qualify for a firm license unless
6 every non-CPA individual who is an owner of the firm:

7 (1) is actively providing personal services in the nature of management of some
8 portion of the firm's business interests or performing services for clients of the firm or an
9 affiliated entity;

10 (2) lacks a history of dishonest or felonious acts or any criminal activity that might be
11 relevant to the applicant's qualifications; and

12 (3) is not a suspended or revoked licensee or certificate holder excluding those
13 licensees that have been administratively suspended or revoked. (Administratively
14 suspended or revoked are those actions against a licensee for Continuing Professional
15 Education reporting deficiencies or failure to renew a license.)

16 (b) Each of the non-CPA individual owners who are residents of the State of Texas must
17 also:

18 (1) pass an examination on the rules of professional conduct as determined by board
19 rule;

20 (2) comply with the rules of professional conduct;

21 (3) maintain any professional designation held by the individual in good standing with
22 the appropriate organization or regulatory body that is identified or used in an
23 advertisement, letterhead, business card, or other firm-related communication; and

24 (4) provide to the board fingerprinting required in §515.1(d) of this title (relating to
25 License) unless previously submitted to the board.

26 (c) A "Non-CPA Owner" includes any individual or qualified corporation who has any
27 financial interest in the firm or any voting rights in the firm.

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E. Update on the December 9, 2023 Swearing-in Ceremony.

The Board will hold its next swearing in ceremony on December 9, 2023 at the Palmer Events Center in Austin. The Licensing Division extended an invitation to 681 new CPAs, and 169 fifty-year honorees. Board members wishing to attend and participate in the ceremony are asked to notify Mr. Treacy at your earliest convenience.

Outstanding candidates to be recognized in December:

Collyn Leigh Robison

KPMG LLP-Dallas

UT - Austin

Master in Professional Accounting

Riley Morgan McKean

PricewaterhouseCoopers LLP - Dallas

Texas A&M University

Master of Financial Management

Elijah Watt Sells Award Recipient

Gavin Robert Van Someren

Ernst & Young LLP - Houston

UT - Austin

Bachelor of Business Administration

Elijah Watt Sells Award Recipient

Julia Wang Zhao

PricewaterhouseCoopers LLP - Austin

UT - Austin

Bachelor of Business Administration

Heather Christine Brown

Burgher Haggard- Ft. Worth

Texas A&M University

Master of Science

Audrey Allen O'Neill

Tx Dept. of Family & Protective Services

Southwestern University

Bachelor of Arts in Political Science

Grayson Paula Walker

Orion Infrastructure Capital (OIC)

Texas A&M University

Master of Science in Management Info
Systems

John Patrick Culbertson

PricewaterhouseCoopers LLP - Houston

UT - Austin

Bachelor of Business Administration

Jordan Reid Lentz

Cherry Bekaert Advisory LLC – Austin

UT - Austin

Master in Professional Accounting

Sean Adams Coggin

PricewaterhouseCoopers LLP - Houston

Texas A&M University

Master of Financial Management

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- F. Discussion, consideration, and possible action on two ethics course submittals.

DISCUSSION: The committee will review and consider authorizing the course materials authored by:

1. Author/Instructor: Allison M. McLeod, LL.M., CPA (TX# 063395)

Allison M. (Yee) McLeod, LL.M., JD, CPA, a full-time Senior Lecturer at the University of North Texas in Denton, Texas since 2010, has also served as an expert witness in multi-million dollar cases involving tax litigation and accounting malpractice. She is licensed to practice law by the State Bar of Texas since 1992 and has been a Certified Public Accountant since 1993. She has presented ethics seminars across the nation for both CPAs and lawyers and has maintained a private practice specializing in Taxation for the past 25 years. She is also approved to offer the following ethics courses for the Board: *A CPA's Guidebook to Ethical Behavior: A CPE Ethics Course for Texas CPAs* and *Managing Ethical Dilemmas for Texas CPAs* through multiple sponsors.

Course title: *A Back and Forth Discussion of CPA Ethics*

Sponsor Name: Allison M. McLeod, LL.M., CPA, A PLLC and multiple others

Texas Sponsor #: 009875 and multiple others

2. Author/Instructor: Jennifer Smith, JD, CPA (TX# 088386)

Jennifer Smith, is a CPA licensed in Texas since 2007 and an Attorney with licenses in Texas (1998) and Colorado (2001). She holds an MBA and JD from the University of Texas at Austin, an MS in Accounting from the University of Texas at Dallas, and a BA from Brown University. Jennifer has worked for over ten years with firms such as Deloitte and CBIZ. She also spent over five years teaching at Texas A&M University at Commerce in their MS in Accountancy and MBA programs. Jennifer is a member of the Texas Bar College (an honorary society comprised of 4% of the State Bar of Texas; members are attorneys in good standing who distinguish themselves through the public commitment to enhanced competence and professionalism). Currently, she is the Tax and Accounting Product Manager at WebCE, Inc., a role she started in 2017.

Course title: *Texas CPA Ethics: Maintaining the Highest Professional Standards*

Sponsor Name: WebCE

Texas Sponsor #: 006170

Course materials will be distributed to the committee separately.

RECOMMENDATION: None.

SUGGESTED MOTION: None.

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- G. Discussion, consideration, and possible action in regards to the proposed changes to the NASBA/AICPA - Statement on Standards for Continuing Professional Education (CPE) Programs.

DISCUSSION: Jointly issued by the American Institute of Certified Public Accountants (AICPA) and the National Association of State Boards of Accountancy (NASBA) the *Statement on Standards for Continuing Professional Education (CPE) Programs (Standards)* as well as the *Fields of Study That Qualify for Continuing Professional Education* have been updated and are currently being considered for adoption by the respective Boards with an effective date of January 1, 2024. The *Standards* provide a framework for the development, presentation, measurement and reporting of CPE programs. The proposed revisions provide clarity to the *Standards* as sponsors modified their approaches during and following the days of the pandemic.

The current Board *Rule for Continuing Professional Education (Chapter 523)* uses common philosophy and language as the *Standards*, but does not specifically reference the *Standards* within the CPE program. Staff have reviewed the proposed *Standards* and do not have any specific rule changes to propose at this time.

The *Standards* revision and *Fields of Study* documents will be distributed to the committee separately.

RECOMMENDATION: None.

SUGGESTED MOTION: None.

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- H. Discussion, consideration, and possible action regarding the suspension of Global CPE's registration authorizing it to provide continuing professional education to Texas licensees.

DISCUSSION: Global CPE, a Texas CPE course sponsor for Texas licensees, had its registration suspended by the executive director based upon Global CPE's written agreement in its registration with this agency to meet acceptable standards in the performance of CPE programs it offers in Texas. Based upon a determination by the executive director of Global CPE's failure to meet acceptable standards, the executive director suspended the registration of Global CPE effective October 17, 2023 based upon the following:

1. This agency receiving numerous calls from licensees complaining of Global CPE's failure to respond to clients;
2. Receiving no response from representatives of Global CPE when the executive director requested an explanation from Global CPE regarding the complaints;
3. Receiving notification from NASBA that as the national sponsor of CPE, NASBA had made Global CPE's sponsorship inactive for its failure to respond to NASBA; and,
4. Global CPE's registration with Texas is subject to a valid registration with NASBA. Global CPE is exempted from Texas fees and the Texas Sponsor Review Program when evaluated and registered by NASBA. When Global CPE lost its NASBA registration, it lost its registration in Texas.

RECOMMENDATION: Staff recommends that the CPE committee recommend to the Board that the executive director's suspension of Global CPE be ratified by the Board.

SUGGESTED MOTION: Move that the CPE committee recommend to the Board the ratification of the suspension of the registration of Global CPE as a provider of CPE courses in Texas.

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- I. Schedule next meeting.

AGENDA ITEM VI

Qualifications Committee Report

September 13, 2023

The Qualifications Committee met on September 13, 2023, at 11:00 a.m. Those in attendance, either virtually or at the Board's offices are listed. Renee Foshee, committee chair was present in the Board's offices and conducted the meeting.

Members Present

Renee Foshee, CPA, Esq. (chair)
Kevin Koch, CPA
Marshall Pitman, PhD, CPA
Jeannette Smith, CPA
Veronda Willis, PhD, CPA
Debra Seefeld, CPA (ex officio)

Staff Present

Paulette Beiter, Esq
Ann Hallam
Telisa Harwell
Jerry Hill, Esq.
Donna Hiller – liaison
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

The following committee members were absent from the meeting: Caroline Hartmann, CPA, Sheila Valles-Pankratz and Kathy Zolton, CPA. Guests in attendance at the meeting were Ken Besserman – TXCPA, Kim Crawford, CPA, Ray Garcia, CPA, Maninder Kaur, and Mary Valerie Reeves, CPA. The following item were discussed and considered:

Discussion, consideration and possible action on a draft proposal described as the Applicant Reassessment Program (ARP).

The committee discussed a draft proposal referred to as the Applicant Reassessment Program (ARP), which would offer a pathway for CPA Exam applicants who had and lost credit(s) on the CPA exam due to COVID or another extreme hardship occurrence. This proposal is similar to the NASBA Credit Relief Initiative. Board data reflects that 1905 CPA Exam candidates have lost one or more credits after January 1, 2020.

The committee approved the proposal along with amendments to Board *Rules 511.80 – Granting of Credit* and *511.87 – Loss of Credit*. Copies of the *Rules*, as amended, are provided.

There being no other business to come before the committee, the meeting adjourned at 11:50 a.m. The next meeting will be held on September 22, 2023 at 1:00 p.m.

Texas State Board of Public Accountancy

Applicant Reassessment Program

What is the Applicant Reassessment Program (ARP)?

The Applicant Reassessment Program (ARP) was established by the Texas State Board of Public Accountancy in an effort to assist individuals who were taking the CPA Exam and through an extreme hardship occurrence, lost CPA Exam credits and may no longer be pursuing the CPA designation.

Who is eligible for the ARP?

An applicant who earned and lost credit for one or more CPA Exam sections between January 1, 2020 and January 1, 2024 may be eligible to apply for the ARP.

What is the benefit of applying for the ARP?

An individual who at one time was working toward becoming a Texas CPA, may have changed career paths. The Board offers support to individuals who may wish to again pursue the CPA designation.

What is considered an extreme hardship occurrence?

An extreme hardship occurrence may be one of the following:

- impact of COVID on the applicant or the applicant's immediate family;
- unavailability of exam sites due to closures and seating limitations
- a natural disaster, such as flood, fire or severe weather event; or
- a health emergency caused by an accident or pre-existing condition for which the applicant had no control

While these are examples, they should not limit the possibilities of extreme hardships that may have occurred.

Is there a definition of an extreme hardship?

Yes. Extreme hardship is referenced in Board Rules 511.80 and 511.87. The following conditions may be considered as extreme hardships.

(1) a serious illness of an applicant or member of the immediate family which includes a spouse, child, sibling or parent;

- (2) death of an immediate family member;
- (3) accidents that impact the applicant;
- (4) military service of the applicant;
- (5) natural disasters that impact the applicant; or
- (6) acts of God.

What documentation is required to apply for the ARP?

The applicant is required to provide a letter referencing the ARP, including a detailed statement of the unforeseeable and uncontrollable extreme hardship event, and documentation that substantiates the event.

An unforeseeable and uncontrollable extreme hardship event as described above may include, but are not limited to, accidents and natural disasters affecting the health of an applicant or member of the applicant's immediate family.

Will CPA Exam credits reinstated through the ARP be recognized by other boards of accountancy?

The ARP is established solely by the Texas State Board of Public Accountancy for Texas CPA Exam applicants and credits that are reinstated may not be recognized by another board of accountancy. After the completion of the CPA Exam and licensing process, the CPA designation may be recognized by other boards of accountancy through reciprocal agreements.

Texas State Board of Public Accountancy
505 E. Huntland Dt. Suite 380
Austin Texas 78752
512-305-7851

RULE 511.80. Granting of Credit.

(a) The board shall grant credit to an applicant for the satisfactory completion of a section of the UCPAE provided the applicant earns a passing score on the section as determined by board rule. The credit shall be valid for 30 [18] months from the actual date of notification of passing score results. The 30 [18] months may be temporarily extended by the executive director, in accordance with §901.307(b) of the Act (relating to Grading Examination), in order to provide for uniformity with other state regulatory authorities or for reasonably unforeseeable or uncontrollable events.

(b) An applicant must pass the remaining sections within the next 30 [18] months. Should an applicant's exam credit be invalidated due to the expiration of 30 [18] months without earning credit on the remaining sections, the applicant remains qualified to take the examination.

(c) An applicant receiving and retaining credit for every section on the UCPAE, within a 30-month [an 18-month] period, shall be considered by the board to have completed the examination and may make application for certification as a CPA.

(d) Effective January 1, 2024, an applicant under this section shall have 36 months from the time all test sections are passed to meet the education requirements of §511.164 of this chapter (relating to Definition of 150 Semester Hours to Qualify for Issuance of a Certificate) or the credit for all test sections will expire.

(e) [(d)] Effective January 1, 2024, an applicant who has an active credit on a section of the UCPAE shall have earned credit on the newly structured UCPAE as follows:

(1) credit on auditing and attestation (AUD) shall transition to auditing and attestation (AUD);

(2) credit on financial accounting and reporting (FAR) shall transition to financial accounting and reporting (FAR);

(3) credit on regulation (REG) shall transition to taxation and regulation (REG); and

(4) credit on business environment and concepts (BEC) shall not transition to a specific discipline as there is not an equivalent section, however, credit will be retained in lieu of a discipline.

(f) [(e)] Effective January 1, 2024, the Board shall grant credit to an applicant for the satisfactory completion of the following sections of the UCPAE provided the applicant

earns a passing score on the section as determined by board rule. The credit shall be valid for 30 [18] months from the actual date of notification of passing score results:

- (1) auditing and attestation (AUD);
- (2) financial accounting and reporting (FAR);
- (3) taxation and regulation (REG); and
- (4) one of the following discipline sections:
 - (A) business analysis and reporting (BAR);
 - (B) information systems and controls (ISC); or
 - (C) tax compliance and planning (TCP).

(g) [(f)] An applicant who has received and retained credit for any or all sections on the UCPAE may transfer such credits to another licensing jurisdiction if the applicant pays in advance a transfer fee set by board rule as identified in §521.7 of this title (relating to Fee for Transfer of Credits).

(h) [(g)] If the UCPAE is restructured by the AICPA, the board shall determine the manner in which active credit earned prior to the restructure for a subject is integrated into the new UCPAE.

(i) Credits earned between January 1, 2020 and January 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:

- (1) the applicant was impacted by an unforeseeable and uncontrollable event, and
- (2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.

(i) [(h)] Interpretive Comment: For the purpose of this section unforeseeable and uncontrollable events include by are not limited to the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God.

RULE 511.87. Loss of Credit

(a) An applicant having earned credit under this Act or a prior Act and who has two testing quarters remaining before the expiration of credits earned shall be notified prior to each UCPAE of these facts.

(b) An applicant failing to receive credit for all sections within the time limitation of this Act shall be notified that credits have expired.

(c) The expiration of credits shall not hinder an applicant from reapplying for the examination.

(d) Credits earned between January 1, 2020 and January 1, 2024 that are no longer valid may be considered for reinstatement for not more than 18 months from the date that reinstatement occurs. The following conditions are required:

(1) the applicant was impacted by an unforeseeable and uncontrollable extreme hardship event, and

(2) the applicant provides documentation to substantiate the unforeseeable and uncontrollable event.

(e) An extreme hardship event that limits the applicant is defined as:

(1) a serious illness of an applicant or member of the immediate family, which includes a spouse, child, sibling or parent;

(2) death of an immediate family member;

(3) accidents that impacts the applicant;

(4) military service of the applicant;

(5) natural disasters that impacts the applicant; or

(6) acts of God.

AGENDA ITEM VI

Qualifications Committee Report

September 22, 2023

The Qualifications Committee met on September 22, 2023, at 1:00 p.m. Those in attendance, either virtually or at the Board's offices are listed. Renee Foshee, committee chair was present in the Board's offices and conducted the meeting.

Members Present

Renee Foshee, CPA, Esq. (chair)
Caroline Hartmann, CPA
Kevin Koch, CPA
Marshall Pitman, PhD, CPA
Jeannette Smith, CPA
Sheila Valles-Pankratz
Veronda Willis, PhD, CPA
Kathy Zolton, CPA
Debra Seefeld, CPA (ex officio)

Staff Present

Paulette Beiter, Esq
Telisa Harwell
Jerry Hill, Esq.
Donna Hiller – liaison
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

Guests

Ken Besserman – TXCPA,
Tara Blasor, CPA – TAMU
Marina Grau, Houston Community College
Matthew Kientz
Jonathan Michael
Thomas Neuhoff, CPA
Julie Persellin – Trinity University
Jodi Ann Ray – TXCPA
Larry Stephens, CPA – Austin Community College
Melanie Thompson, CPA – Texas Lutheran University
Sunita White – Trinity University

The following item were discussed and considered:

**A. Discussion, consideration and possible action on Board Rule 511.57 –
Qualified Accounting Courses to take the UCPAE.**

- a. Comment letters relating to accounting/tax research and analysis – 511.57 (g)
- b. Intermediate accounting – 511.57 (e) (1) (A).

The committee discussed and considered comments related to Board *Rule 511.57* and offered amendments for the Rules committee to consider. (Copy provided.)

B. Discussion, consideration and possible action on Board *Rule 511.58* – *Definition of Related Business Subjects to take the UCPAE.*

The committee discussed and considered comments related to Board *Rule 511.58* and decided to table consideration of any amendments until a future meeting.

C. Discussion, consideration and possible action on the Accounting Student Scholarship Program for FY 2023-24.

The committee reviewed the scholarship application and allocations to participating Texas educational institutions. Staff informed the committee that the schools would be emailed on November 15th to inquire if they would be using the allocation that was provided. Schools that do not plan on awarding the allocation may release the funds, and the Executive Director may make additional allocations to the schools that have used their initial allocation and have additional students who are eligible for an award.

D. Report on communications to CPA Exam candidates.

The committee reviewed that correspondence that was sent to applicants, posted on the Board's website, and on social media sites.

E. Report on the implementation of the education requirements in the Public Accountancy Act – 2023.

Staff reported on that 161 individuals refiled the Application of Intent to be eligible to test under the education requirements that became effective on September 1, 2023.

F. Discussion, consideration and possible action related to the utilization of Prometric test centers.

Prometric has not provided information on the utilization of Texas test centers for the committee to consider.

G. Discussion, consideration and possible action on the NASBA/AICPA Experience, Learn and Earn Program (ELE).

The committee reviewed NASBA's ELE program and no action was taken.

H. Discussion, consideration and possible action on the education submitted for applicant 0287395.

The committee considered the application and education submitted by applicant 0287395. It recommends that the applicant be informed that coursework completed at the South Texas College of Law may be considered if the educational institution can provide the Board with evidence of equivalency that it meets the requirements of SACS.

I. Discussion, consideration and possible action on the education submitted for applicant 0287623.

The committee considered the application and education submitted by applicant 0287623. It determined that coursework completed through A.C.E. and Straighterline did not meet the Board's requirements of Board *Rule 511.52* and the applicant should be informed. The committee also directed staff to amend the following Board Rules to add Straighterline as an organization that shall not be used to meet the education requirements. (Copy provided)

Board Rules 511.52, 511.53, 511.57, 511.58, 511.59, 511.60 and 511.164

J. Report of Qualifications statistical information for FY 2022-23.

The committee reviewed a statistical report on the applications received and approved along with scholarship data. No action is required.

K. Discussion, consideration and possible action on the update of the Board's Rules of Professional Conduct Exam as required for CPA certification.

The Chair appointed the following committee members to service on a Task Force to review the Board's Rules of Professional Conduct Exam.

Marshall Pitman – Chair

Renee Foshee

Caroline Hartmann

Kevin Koch

Veronda Willis

L. Review of correspondence from NASBA.

The committee did not receive any information from NASBA that required committee action.

There being no other business to come before the committee, the meeting adjourned at 3:20 p.m.

511.52. Recognized Institutions of Higher Education.

(a) The board recognizes institutions of higher education that offer a baccalaureate or higher degree, that either:

(1) are accredited by one of the following organizations:

(A) Middle States Commission on Higher Education (MSCHE);

(B) Northwest Commission on Colleges and Universities (NWCCU);

(C) Higher Learning Commission (HLC);

(D) New England Commission of Higher Education (NECHE);

(E) Southern Association of Colleges and Schools, Commission on Colleges (SACS);

and

(F) WASC Senior College and University Commission; or

(2) provide evidence of meeting equivalent accreditation requirements of SACS.

(b) The board is the final authority regarding the evaluation of an applicant's education and has received assistance from the reporting institution in the State of Texas, the University of Texas at Austin, in evaluating:

(1) an institution of higher education;

(2) organizations that award credits for coursework taken outside of a traditional academic environment and shown on a transcript from an institution of higher education;

(3) assessment methods such as credit by examination, challenge exams, and portfolio assessment; and

(4) non-college education and training.

(c) The following organizations and assessment methods may not be used to meet the requirements of this chapter:

(1) American Council on Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES); and

(4) Defense Subject Standardized Test (DSST); and

(5) Straighterline.

(d) The board may accept courses completed through an extension school, a correspondence school or continuing education program provided that the courses are

offered and accepted by the board approved educational institution for a business baccalaureate or higher degree conferred by that educational institution.

(e) Except as provided in subsection (d) of this section, extension and correspondence schools or programs and continuing education courses do not meet the criteria for recognized institutions of higher education.

(f) The requirements related to recognized community colleges are provided in §511.54 of this chapter (relating to Recognized Texas Community Colleges).

(g) The board may recognize a community college that offers a baccalaureate degree in accounting or business, provided that the applicant is admitted to a graduate program in accounting or business offered at a recognized institution of higher education that offers a graduate or higher degree.

511.53. Evaluation of International Education Documents.

(a) It is the responsibility of the board to confirm that education obtained at colleges and universities outside of the United States (international education) is equivalent to education earned at board-recognized institutions of higher education in the U.S.

(b) The board shall use, at the expense of the applicant, the services of the University of Texas at Austin, Graduate and International Admissions Center, to validate, review, and evaluate international education documents submitted by an applicant to determine if the courses taken and degrees earned are substantially equivalent to those offered by the board-recognized institutions of higher education located in the U.S. The evaluation shall provide the following information to the board:

(1) Degrees earned by the applicant that are substantially equivalent to those conferred by a board-recognized institution of higher education in the U.S. that meets §511.52 of this chapter (relating to Recognized Institutions of Higher Education);

(2) The total number of semester hours or quarter hour equivalents earned that are substantially equivalent to those earned at U.S. institutions of higher education and that meet §511.59 of this chapter (relating to Definition of 120 Semester Hours to take the UCPAE);

(3) The total number of semester hours or quarter hour equivalents earned in accounting coursework that meets §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);

(4) An analysis of the title and content of courses taken that are substantially equivalent to courses listed in §511.57 or §511.60 of this chapter; and

(5) The total number of semester hours or quarter hour equivalents earned in business coursework that meets §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE).

(c) The University of Texas at Austin, Graduate and International Admissions Center, may use the American Association of Collegiate Registrars and Admissions Officers (AACRAO) material, including the Electronic Database for Global Education (EDGE), in evaluating international education documents.

(d) Other evaluation or credentialing services of international education are not accepted by the board.

(e) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);
- (2) Prior Learning Assessment (PLA);
- (3) Defense Activity for Non-Traditional Education Support (DANTES); and
- (4) Defense Subject Standardized Test (DSST); and
- (5) Straighterline.

511.57. Qualified Accounting Courses to take the UCPAE.

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

- (1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present official transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 semester credit hours of upper division accounting courses as defined in subsections (e), (f) and (g) of this section; or
- (2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter, and after obtaining the degree, complete the requisite 21 semester credit hours of upper division accounting courses, as defined in subsections (e), (f) and (g) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges).

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 semester credit hours of accounting courses from the courses listed in subsections (e), (f) and (g) of this section. The hours from a course that has been repeated will be counted only once toward the required 21 semester hours. The courses must meet the board's standards by containing sufficient accounting knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate or higher degree or its equivalent, and they must be shown on an official transcript.

(d) Upper level accounting coursework recognized by the board and in effect prior to January 1, 2024, may be found in §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE).

(e) Effective January 1, 2024, the subject-matter content should be derived from the UCPAE Blueprint. A minimum of 12 semester hours with at least three semester hours in each of the following accounting course content area is required:

(1) financial accounting and reporting for business organizations **or that may include:**

~~(A) intermediate accounting;~~

~~(B) advanced accounting; and~~

~~(C) accounting theory;~~

(2) financial statement auditing;

(3) taxation; and

(4) accounting information systems **or accounting data analytics.**

(f) Effective January 1, 2024, a minimum of 9 hours in any of the following accounting course content area is required:

(1) up to 6 semester credit hours of financial accounting and reporting for business organizations or intermediate accounting;

(2) advanced accounting;

(3) accounting theory;

(4) (1) managerial or cost accounting (excluding introductory level courses);

(5) (2) auditing and attestation services;

(6) (3) internal accounting control and risk assessment;

(7) (4) financial statement analysis;

(8) (5) accounting research and analysis;

(9) (6) up to 9 semester credit hours of taxation (including tax research and analysis);

(10) (7) financial accounting and reporting for governmental and/or other nonprofit entities;

(11) (8) up to 9 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

(12) (9) up to 9 semester credit hours of accounting data analytics, provided the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; business data analytics may be considered provided the courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; (while data

analytics tools may be taught in the courses, application of the tools should be the primary objective of the courses);

(13) ~~(10)~~ fraud examination;

(14) ~~(11)~~ international accounting and financial reporting;

(15) ~~(12)~~ mergers and acquisitions;

(16) ~~(13)~~ financial planning;

(17) ~~(14)~~ at its discretion, the board may accept up to three semester hours of credit of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) – (16) ~~(13)~~ of this subsection. For any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content; and

(18) ~~(15)~~ at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision. The curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed.

~~(g) The board requires that a minimum of two semester credit hours in research and analysis relevant to the course content described in subsection (f) of this section be completed. The semester credit hours may be obtained through a standalone course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education must advise the board of the course(s) that contain the research and analysis content. The course may be used toward the 9 semester credit hours of upper level accounting courses identified in subsection (f)(5) of this section.~~

(g) ~~(h)~~ The following types of introductory courses do not meet the accounting course definition in subsections (e) and (f) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) ~~(i)~~ Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) ~~(j)~~ CPE courses shall not be used to meet the accounting course definition.

(j) ~~(k)~~ An ethics course required in §511.58(d) of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE) shall not be used to meet the accounting course definition in subsections (e) and (f) of this section.

(k) ~~(l)~~ Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(l) ~~(m)~~ The board may review the content of accounting courses and determine if they meet the requirements of this section.

(m) ~~(n)~~ Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES),; and

(4) Defense Subject Standardized Test (DSST); and

(5) Straighterline.

511.58. Definitions of Related Business Subjects to take the UCPAE.

(a) Related business courses are those business courses that a board recognized institution of higher education accepts for a business baccalaureate or higher degree by that educational institution.

(b) An individual who holds a baccalaureate or higher degree from a recognized educational institution as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) may take related business courses from four-year degree granting institutions, or recognized community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges). Related business courses taken at a recognized community college are only the courses that the board has reviewed and approved to meet this section.

(c) The board will accept no fewer than 24 semester credit hours of upper level courses (for the purposes of this subsection, economics and statistics at any college level will count as upper division courses) as related business subjects (without repeat), taken at a recognized educational institution shown on official transcripts or accepted by a recognized educational institution for purposes of obtaining a baccalaureate degree or its equivalent, in the following areas.

(1) No more than 6 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

(A) business law, including study of the Uniform Commercial Code;

(B) economics;

(C) management;

(D) marketing;

(E) business communications;

(F) statistics and quantitative methods;

(G) information systems or technology; and

(H) other areas related to accounting.

(2) No more than 9 credit semester hours taken in any of the following subject areas may be used to meet the minimum hour requirement:

(A) finance and financial planning; and

(B) data analytics, data interrogation techniques, cyber security and/or digital acumen in the accounting context, whether taken in the business school or in another college or university program, such as the engineering, computer science, information systems, or math programs (while data analytic tools may be used in the course, application of the tools should be the primary objective of the course).

(d) The board requires that a minimum of 2 upper level semester credit hours in accounting communications or business communications with an intensive writing curriculum be completed. The semester hours may be obtained through a standalone course or offered through an integrated approach. If the course content is offered through integration, the university must advise the board of the course(s) that contain the accounting communications or business communications content. The course may be used toward the 24 semester credit hours of upper level business courses listed in subsection (c)(1) of this section.

(e) Credit for hours taken at recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester hour for each hour of credit received under the quarter system.

(f) Related business courses completed through and offered by an extension school, correspondence school, or continuing education program of a board recognized educational institution may be accepted by the board, provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(g) The board may review the content of business courses and determine if they meet the requirements of this section.

(h) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

(1) American College Education (ACE);

(2) Prior Learning Assessment (PLA);

(3) Defense Activity for Non-Traditional Education Support (DANTES); and

(4) Defense Subject Standardized Test (DSST); and

(5) Straighterline.

511.59. Definition of 120 Semester Hours to take the UCPAE.

(a) To be eligible to take the UCPAE, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

- (1) no fewer than 21 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE);
- (2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE); and
- (3) academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) and (2) of this subsection meets or exceeds 120 semester hours.

(b) An individual holding a baccalaureate degree conferred by a board-recognized institution of higher education, as defined by §511.52 of this chapter, and who has not completed the requirements of this section shall meet the requirements by taking coursework in one of the following ways:

- (1) complete upper level or graduate courses at a board recognized institution of higher education as defined in §511.52 of this chapter that meets the requirements of subsection (a)(1) and (2) of this section; or
- (2) enroll in a board recognized community college as defined in §511.54 of this chapter (relating to Recognized Texas Community Colleges) and complete board approved accounting or business courses that meet the requirements of subsection (a)(1) and (2) of this section. Only specified accounting and business courses that are approved by the board will be accepted as not all courses offered at a community college are accepted.

(c) The following courses, courses of study, certificates, and programs may not be used to meet the 120-semester hour requirement:

- (1) any CPA review course offered by an institution of higher education or a proprietary organization;
- (2) remedial or developmental courses offered at an educational institution; and
- (3) credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:
 - (A) American College Education (ACE);
 - (B) Prior Learning Assessment (PLA);
 - (C) Defense Activity for Non-Traditional Education Support (DANTES); and
 - (D) Defense Subject Standardized Test (DSST); and
 - (E) Straighterline.
- (d) The hours from a course that has been repeated will be counted only once toward the required 120 semester hours.

511.60. Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE.

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present valid transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 semester credit hours of upper division accounting courses as defined in subsection (e) of this section; or

(2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter, and after obtaining the degree, complete the requisite 21 semester credit hours of upper division accounting courses, as defined in subsection (e) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 of this chapter, and that the accounting programs offered at the community colleges are reviewed and accepted by the board.

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as 2/3 of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 semester credit hours of accounting courses from the courses listed in subsection (e)(1) - (14) of this section. The hours from a course that has been repeated will be counted only once toward the required 21 semester hours. The courses must meet the board's standards by containing sufficient business knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate degree or its equivalent, and they must be shown on an official transcript.

(d) A non-traditionally-delivered course meeting the requirements of this section must have been reviewed and approved through a formal, institutional faculty review process that evaluates the course and its learning outcomes and determines that the course does, in fact, have equivalent learning outcomes to an equivalent, traditionally delivered course.

(e) The subject-matter content should be derived from the UCPAE Blueprints and cover some or all of the following:

(1) financial accounting and reporting for business organizations that may include:

(A) up to nine semester credit hours of intermediate accounting;

(B) advanced accounting; or

(C) accounting theory;

(2) managerial or cost accounting (excluding introductory level courses);

(3) auditing and attestation services;

(4) internal accounting control and risk assessment;

(5) financial statement analysis;

(6) accounting research and analysis;

(7) up to 12 semester credit hours of taxation (including tax research and analysis);

(8) financial accounting and reporting for governmental and/or other nonprofit entities;

(9) up to 12 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;

(10) up to 12 semester credit hours of accounting data analytics, provided the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting (while data analytics tools may be taught in the courses, application of the tools should be the primary objective of the courses);

(11) fraud examination;

(12) international accounting and financial reporting;

(13) at its discretion, the board may accept up to three semester credit hours of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) - (12) of this subsection (for any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content); and

(14) at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision (the curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed).

(f) The board requires that a minimum of two semester credit hours in research and analysis relevant to the course content described in subsection (e)(6) or (7) of this section be completed. The semester credit hours may be obtained through a discrete course or offered through an integrated approach. If the course content is offered through integration, the institution of higher education must advise the board of the course(s) that contain the research and analysis content.

(g) The following types of introductory courses do not meet the accounting course definition in subsection (e) of this section:

- (1) elementary accounting;
- (2) principles of accounting;
- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) CPE courses shall not be used to meet the accounting course definition.

(j) Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(k) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);
- (2) Prior Learning Assessment (PLA);
- (3) Defense Activity for Non-Traditional Education Support (DANTES); and
- (4) Defense Subject Standardized Test (DSST); **and**
- (5) Straighterline.**

511.164. Definition of 150 Semester Hours to Qualify for Issuance of a Certificate.

(a) To qualify for the issuance of a CPA certificate, an applicant must hold at a minimum a baccalaureate degree, conferred by a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education), and have completed the board-recognized coursework identified in this section:

(1) no fewer than 27 semester hours or quarter-hour equivalents of upper level accounting courses as defined by §511.57 of this chapter (relating to Qualified Accounting Courses to take the UCPAE) or §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE) **to include a minimum of two semester credit hours in research and analysis;**

(2) no fewer than 24 semester hours or quarter-hour equivalents of upper level related business courses, as defined by §511.58 of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE);

(3) a three semester hour board-approved standalone course in accounting or business ethics. The course must be taken at a recognized educational institution and should provide students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior in the best interest of the public and profession. The ethics course shall:

(A) include the ethics rules of the AICPA, the SEC, and the board;

(B) provide a foundation for ethical reasoning, including the core values of integrity, objectivity, and independence; and

(C) be taught by an instructor who has not been disciplined by the board for a violation of the board's rules of professional conduct, unless that violation has been waived by the board; and

(4) academic coursework at an institution of higher education as defined by §511.52 of this chapter, when combined with paragraphs (1) - (3) of this subsection meets or exceeds 150 semester hours, of which 120 semester hours meets the education requirements defined by §511.59 of this chapter (relating to Definition of 120 Semester Hours to take the UCPAE). An applicant who has met paragraphs (1) - (3) of this subsection may use a maximum of 9 total semester credit hours of undergraduate or graduate independent study and/or internships as defined in §511.51(b)(4) or

§511.51(b)(5) of this chapter (relating to Educational Definitions) to meet this paragraph.

The courses shall consist of:

(A) a maximum of three semester credit hours of independent study courses; and

(B) a maximum of six semester credit hours of accounting/business course internships.

(b) The following courses, courses of study, certificates, and programs may not be used to meet the 150 semester hour requirement:

(1) any CPA review course offered by an institution of higher education or a proprietary organization;

(2) remedial or developmental courses offered at an educational institution; and

(3) credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirement of this chapter:

(A) American College Education (ACE);

(B) Prior Learning Assessment (PLA);

(C) Defense Activity for Non-Traditional Education Support (DANTES); and

(D) Defense Subject Standardized Test (DSST); and

(E) Straighterline.

(c) The hours from a course that has been repeated will be counted only once toward the required semester hours.

<p style="text-align: center;">Agenda Item VII Peer Assistance Oversight Committee</p>
--

The Peer Assistance Oversight Committee monitors and oversees the peer assistance program, the TXCPA's Accountants Confidential Assistance Network (ACAN). Included is an update regarding recent activities.

The committee meets as needed. There is no scheduled meeting at this time.

**TXCPA Peer Assistance Program
Quarterly Report
For the Three Months Ended August 31, 2023**

SUMMARY OF ACTIVITIES

1. TSBPA referrals to ACAN

This quarter five licensees and four CPA-candidates were referred to ACAN by TSBPA to be interviewed by program mentors and introduced to the ACAN group meetings.

2. ACO Mentoring

ACAN volunteers provided mentoring services for 38 individuals under an Agreed Consent Order. Mentors provided guidance, accountability, received attendance records, and produced quarterly reports which were sent to TSBPA.

3. ACAN Support Groups

We conducted 65 ACAN support group meetings convened exclusively via zoom. The support groups are offered evenings on Monday, Tuesday, and Thursday, and at noon every Friday and on the 1st and 3rd Tuesday of the month.

4. ACAN Confidential Phone Line

TXCPA hosted the confidential toll-free phone line on behalf of the ACAN program, monitored daily to ensure responsive assistance.

5. Peer Assistance Annual Meeting

The Peer Assistance annual meeting takes place September 22-24 in Lakeway, TX. The Peer Assistance committee will convene, and members of the Accountants Confidential Assistance Network will gather for support group meetings, training on Peer Assistance program procedures, and education on mental health and wellness topics. The group will develop plans to expand the committee and discuss progress on delivering mental health and wellness support to Texas CPAs. The education component of the annual meeting is offered on Friday afternoon and on Saturday morning. This year will have presentations from [National Alliance on Mental Illness \(NAMI\) Central Texas](#), from [Erica Grigg, LCDC](#), former Director of Texas Lawyers Assistance Program (TLAP) and from John McShane, JD who has long facilitated a TLAP support group for attorneys with depression. We also will have presentations from [Dana Garnett, CPA](#), providing skills and strategies for dealing with stress that is produced during conflict.

**TXCPA Peer Assistance Program
Performance Measures
As Outlined in TSBPA contract
Attachment A
For the Three Months Ended August 31, 2023**

1. TSBPA Referrals – 5 Licensees, 4 Candidate, 2 Pledge Letters
2. Other Contacts - 14
3. Number of persons receiving services – 47
4. TSBPA Exam Candidates referrals receiving services – 23
5. TSBPA Licensees receiving services – 24
6. Number of persons completing the ACAN Monitoring/Mentoring Program – 3
7. Number of ACAN Volunteers – 30

**TXCPA Peer Assistance Program
Financial Information
For the Quarter ending August 31, 2023**

<u>For the Three Months Ended</u>					YTD
Summary of Expenses	11/30/22	2/28/23	5/31/23	8/31/23	Total
Personnel	\$ 26,392	\$ 29,652	\$ 34,327	\$ 11,606	\$101,977
Network Training Meeting	16,800				16,800
Meetings and Travel	654	465	857		1,976
Other	4,500	4,500	4,500		13,500
TOTALS	<u><u>\$ 48,346</u></u>	<u><u>\$ 34,617</u></u>	<u><u>\$ 39,684</u></u>	<u><u>\$ 11,606</u></u>	<u><u>\$134,253</u></u>

Agenda Item VIII
Behavioral Enforcement Committee Meeting
June 13, 2023

The Behavioral Enforcement Committee met on Tuesday, June 13, 2023, by video conference, at 10:00 a.m.

Members Present

Jeannette P. Smith, CPA
Committee Chair
Susan I. Adams, CPA
Jill A. Holup
Kevin J. Koch, CPA
Bennett Allison, CPA
Patricia C. Culver, CPA
Patrick Durio, CPA
Phillip D. Johnson, CPA

Staff Present

Paulette Beiter, Esq.
J. Randel (Jerry) Hill, Esq.

A. AFTER GIVING THESE MATTERS DUE CONSIDERATION, THE COMMITTEE RECOMMENDS THESE MATTERS BE DISMISSED BASED UPON VOLUNTARY COMPLIANCE WITH THE ACT AND THE RULES:

- 1. Investigation Nos. 23-03-07L & 23-03-08L:** Respondents allegedly failed to respond to a client's inquiries, failed to provide copies of accepted tax returns and failed to address the business forfeiture issue with the Secretary of State. **(Board approval required)**
- 2. Investigation Nos. 23-03-02L & 23-03-03L:** Respondents allegedly failed to complete an engagement or refund a client for services not rendered. **(Board approval required)**

B. OTHER: The committee considered several other matters during its meeting; however, no action is required.

<p style="text-align: center;">Agenda Item VIII Behavioral Enforcement Committee Meeting October 18, 2023</p>
--

The Behavioral Enforcement Committee met on Wednesday, October 18, 2023, by video conference and in-person, at 10:00 a.m.

Members Present

Jeannette P. Smith, CPA
Committee Chair
Susan I. Adams, CPA
Kevin J. Koch, CPA
Bennett Allison, CPA
Patrick Durio, CPA
Phillip D. Johnson, CPA
Robert Ogle, CPA

Member Absent

Jill Holup

Staff Present

Paulette Beiter, Esq.
J. Randel (Jerry) Hill, Esq.

A. AFTER GIVING THESE MATTERS DUE CONSIDERATION, THE COMMITTEE RECOMMENDS THESE MATTERS BE DISMISSED BASED UPON INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT OR THE RULES:

- 1. Investigation Nos. 23-08-04L & 23-08-05L:** Respondents allegedly failed to file a franchise return resulting in forfeiture of an entity. **(Board approval required)**
- 2. Investigation Nos. 23-07-04L & 23-07-05L:** Respondents allegedly filed a return married filing jointly without a client's authorization. **(Board approval required)**
- 3. Investigation Nos. 23-06-03L & 23-06-04L:** Respondent allegedly performed services for a client while having an affair with client's wife, an employee of the firm. **(Board approval required)**
- 4. Investigation No. 23-08-06L:** Respondent allegedly failed to respond to a client's inquiries, failed to file a return in a timely manner, and misled a client regarding the status of their return. **(Board approval required)**

B. OTHER: The committee considered eight other matters during its meeting; however, no action is required.

<p style="text-align: center;">Agenda Item IX Technical Standards Review Committee September 27, 2023</p>
--

The TSR Committee met on September 27, 2023 and considered five matters separately from the other complaint investigations. Because of recusals, the composition of the committee changed when it took up the remaining matters. The composition of the committee on the five matters is as follows.

Ray Garcia: Committee Chair

Members Present

Ray R. Garcia, CPA
Committee Chair
Sheila Vallés-Pankratz
Jamie Grant
Kimberly Crawford, CPA
Susan Warren, CPA
Juliet Williams, CPA
Douglas Koval, CPA
Dilliana Stewart, CPA

Staff Present

J. Randel (Jerry) Hill, Esq.
John Moore, Esq.

- The committee considered five matters during its meeting; however, these matters do not require Board action at this time.

<p style="text-align: center;">Agenda Item IX Technical Standards Review Committee September 27, 2023</p>
--

The remaining cases were considered by the TSR Committee on September 27, 2023 and the composition of the committee on the remaining cases is as follows.

Debra Seefeld: Ex Officio Committee Chair

Members Present

Debra Seefeld, CPA
Ex Officio Committee Chair
Jamie Grant
Sheila Vallés-Pankratz
Douglas Koval, CPA
Juliet Williams, CPA

Members Recused

Ray R. Garcia, CPA
Dilliana Stewart, CPA
Kimberly Crawford, CPA
Susan Warren, CPA

Staff Present

J. Randel (Jerry) Hill, Esq.
John Moore, Esq.

A. AFTER GIVING THESE MATTERS DUE CONSIDERATION, THE COMMITTEE RECOMMENDED THAT THE INVESTIGATIONS BE DISMISSED DUE TO INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT AND RULES WITH A LETTER OF COMMENT:

- Investigation Nos: 22-09-04L; 22-09-05L; 22-09-08L; 22-09-18L; 22-09-20L; 22-09-21L; 22-09-23L; 22-09-28L; 22-09-34L; 22-09-35L; 22-09-37L; 22-09-38L; 22-09-39L; 22-09-46L; 22-09-47L: Respondents allegedly sent, requested, received, or used answer keys to internal training courses. (Board approval required)

B. AFTER GIVING THESE MATTERS DUE CONSIDERATION, THE COMMITTEE RECOMMENDED THAT THE INVESTIGATIONS BE DISMISSED DUE TO INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT AND RULES:

- Investigation Nos: 22-09-01L; 22-09-06L; 22-09-09L; 22-09-12L; 22-09-13L; 22-09-14L; 22-09-15L; 22-09-26L; 22-09-27L; 22-09-30L; 22-09-32L; 22-09-41L; 22-00-44L; 22-09-48L; 22-09-49L; 22-09-50L; 22-09-52L; 22-09-53L: Respondents allegedly sent, requested, received, or used answer keys to internal training courses. (Board approval required)

C. OTHER: The committee considered 20 other matters during its meeting; however, these matters do not require Board action at this time.

Agenda Item X
Consideration of Agreed Consent Orders,
Administrative Disciplinary Actions, and a Proposal for Decision
November 9, 2023

A. AGREED CONSENT ORDERS

Behavioral Enforcement Committee

- Investigation No. 19-06-01L

Technical Standards Review Committee

1. Investigation No. 22-12-06L
2. Investigation No. 23-06-05L

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

1. Investigation Nos. 23-06-10001 - 23-06-10087
2. Investigation Nos. 23-07-10001 - 23-07-10073
3. Investigation Nos. 23-06-10088 - 23-06-10247
4. Investigation Nos. 23-07-10074 - 23-07-10233
5. Investigation Nos. 23-06-10248 - 23-06-10264
6. Investigation Nos. 23-07-10234 - 23-07-10243

C. PROPOSAL FOR DECISION

- Richard Francis Chesebro & Richard F. Chesebro, CPA, PC

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

1. Respondents: In The Matter of Disciplinary Action Against Certain Licensees for Nonpayment of Licensing and Late Fees for Three Consecutive License Periods

The Respondents failed to pay their licensing fees for three consecutive license periods. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the certificate of each Respondent still not in compliance be revoked without prejudice. Each Respondent may regain his or her certificate by paying all license fees and late fees and by otherwise coming into compliance with the *Act*. Respondents violated *Act Section 901.502(4) (failure to pay license fees for three consecutive years)*. No Board committee considered these actions.

1. Investigation Nos. 23-04-10001 - 23-04-10092
2. Investigation Nos. 23-05-10001 - 23-05-10094

2. Respondents: In The Matter of Disciplinary Action Against Certain License Holders for CPE Delinquencies

The Respondents failed to comply with CPE reporting requirements found in Chapter 523 of the *Rules* and *Act Section 901.411 (Continuing Professional Education)*. The Respondents, although provided with a preliminary report and having been notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the license of each Respondent still not in compliance be suspended for a period of three years, or until he or she complies with the licensing requirements of the *Act*, whichever is sooner. Additionally, staff recommends a \$100 penalty be imposed for each year a Respondent is not in compliance with the Board's CPE requirements. Respondents violated Board *Rules 501.94 (Mandatory CPE)* and *523.111 (Required CPE Reporting)*, and *Act Section 901.411*. No Board committee considered these actions.

3. Investigation Nos. 23-04-10093 - 23-04-10227
4. Investigation Nos. 23-05-10095 - 23-05-10265

3. Respondents: In The Matter of Disciplinary Action Against Certain Certificate Holders for Failure to Complete License Notice

The Respondents failed to complete their license renewal notices in accordance with Board *Rule 515.3 (License Renewals for Individuals and Firm Offices)*.

Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends the certificate of each Respondent not in compliance be revoked without prejudice until such time as the Respondent complies with the requirements of the *Rules* and the *Act*. Respondents violated *Act Section 901.502(12) (Violations of Board Rules)*. No Board committee considered these actions.

5. Investigation Nos. 23-04-10228 - 23-04-10240
6. Investigation Nos. 23-05-10266 - 23-05-10287

C. PROPOSAL FOR DECISION

- **Investigation Nos.: 22-06-05L & 22-06-06L**

Respondents: Richard Francis Chesebro & Richard F. Chesebro, CPA, PC

Certificate No.: 064497

Firm License No.: C08680

Hometown: Georgetown, Texas

The BEC found that Richard Francis Chesebro and Richard F. Chesebro, CPA, PC failed to complete an engagement. The BEC offered Respondents an ACO whereby Respondents would be reprimanded and would agree to refund \$2,000 to the Complainant and pay \$905.48 in administrative costs. Respondents did not accept the offer.

Pleadings were filed with the State Office of Administrative Hearings and after a hearing held on July 10, 2023, the State Office of Administrative Hearings Administrative Law Judge (ALJ) found that: 1) Respondent violated Board *Rules 501.74(a) and (b)* as well as *Sections 901.502(6) and 901.502(11)* of the *Public Accountancy Act*; and recommended Respondent receive a reprimand, refund \$2,000 retainer to the Complainant, and pay \$2,743.87 in administrative costs.

The Behavioral Enforcement Committee considered this matter at its August 17, 2022, October 25, 2022 and December 14, 2022 meetings. Board members Susan I. Adams, CPA; Jill A. Holup; Kevin J. Koch, CPA and Jeannette P. Smith, CPA were present.

Paulette Beiter, Staff Attorney



**TEXAS STATE BOARD
of PUBLIC ACCOUNTANCY**

William Treacy, Executive Director

www.tsbpa.texas.gov

505 E. Huntland Drive, Suite 380
Austin, Texas 78752-3757

P: (512) 305-7800

F: (512) 305-7854
(512) 305-7875

MEMORANDUM REGARDING PROPOSAL FOR DECISION

File No. 22-06-05L, 22-06-06L

SOAH Docket No. 457-23-13745, TSBPA v. Richard Francis Chesebro, et al.

TO: Texas State Board of Public Accountancy
FROM: Carolyn Dove
DATE: October 11, 2023
SUBJECT: RICHARD FRANCIS CHESEBRO / ALJ's Proposal for Decision

1. The Board presented a case against Richard Francis Chesebro and Richard F. Chesebro, CPA, PC ("Respondents") in cause number 457-23-13745 before the State Office of Administrative Hearings (SOAH) on July 10, 2023.
2. On September 25, 2023, the administrative law judge filed a proposal for decision in the SOAH matter. The ALJ recommends in the proposal for decision that Respondent receive a reprimand from the Board, refund \$2,000.00 to the client-complainant, and pay \$2,743.87 to the Board for administrative costs.
3. The administrative cost recommendation from the ALJ includes the fees for staff in the amount of \$2,505.80 and witness fees in the amount of \$238.07.
4. The ALJ recommends not assessing the fee paid by the Board for the deposition of Mr. Chesebro against Respondents. I respectfully disagree with this recommendation in the proposal for decision. My concern is based on the history of this case which is summarized in the rest of this memorandum, as well as a technical error related to facts listed in the proposal for decision.
5. Board staff opened an investigation on June 15, 2022 based on a complaint from Gracie Egan concerning the professional services of Richard Francis Chesebro, CPA.
6. The Behavioral Enforcement Committee (BEC) reviewed the file at the meeting on August 17, 2022. The BEC recommended the investigation be dismissed upon proof of refund of the \$2,000 fees charged to complainant.
7. Respondent requested written findings from the BEC and also requested to be present at the October 2022 meeting of the BEC. Respondent attended the October 25, 2022 meeting and was described by committee members as "belligerent." After the October meeting, the BEC recommended again that Respondents be reprimanded, refund the \$2,000 retainer to complainant, and additionally pay \$905.48 in administrative costs. Respondents rejected the recommendation and the matter moved forward to SOAH.
8. The Board filed a notice of hearing to begin the SOAH case. Respondents filed an answer. Respondent proved difficult to work with through the discovery process, refusing to provide even basic disclosures.

9. Based on Respondent's demeanor and uncooperativeness throughout the investigation, the Board determined a deposition of Respondent would be necessary. The deposition took place at the home of Respondent Richard Chesebro on March 31, 2023.
10. At the hearing before SOAH, the deposition transcript was admitted into evidence. The transcript was used to impeach Respondent's testimony regarding invoicing practices. The ALJ cites the deposition transcript multiple times in the proposal for decision, including at footnotes 22 through 37. Additionally, at page 19 of the proposal for decision, the ALJ recounts the use of the deposition transcript to impeach Respondent's testimony:

"When it comes to invoicing clients, Mr. Chesebro testified at the hearing that he uses a book to keep track of his hours and that he usually provides an invoice to his clients out of Quickbooks. But during his deposition, Respondent testified that 'it would be very rare' for him to send a client an invoice."
11. According to 22 Texas Administrative Code § 519.72(c), "The board may change a finding of fact or conclusion of law made by the ALJ, or may vacate or modify an order issued by the ALJ, only if the board determines:
 - (1) that the ALJ did not properly apply or interpret applicable law, agency rules, written policies provided to the ALJ with a written statement of applicable rules or policies, or prior administrative decisions;
 - (2) that a prior administrative decision on which the ALJ relied is incorrect or should be changed; or
 - (3) that a technical error in a finding of fact should be changed."
12. The proposal for decision finding of fact #33 states, "The decision to depose Mr. Chesebro was not reasonable." The proposal for decision at page 27 reasons that the board did not use the transcript in any dispositive motions or to impeach Mr. Chesebro, that the Board could have subpoenaed Mr. Chesebro to ensure that he would appear at the hearing on the merits; and even if Mr. Chesebro had not appeared, Staff could have moved for a default judgment against Respondents.
13. The ALJ's reasoning and ultimate finding of fact is flawed in that it fails to recognize the use of the deposition transcript at the hearing. It further does not take into account the behavior of Respondent throughout the investigation process. The ALJ would not have had access to the settlement and discovery discussions and therefore likely was unaware of the extent of the challenges faced by the Board in dealing with Respondent.
14. The deposition was a necessary discovery tool used to pursue the investigation of Respondent and ultimately conclude the case at SOAH. To correct the technical error in the finding of fact which ignores the use of the deposition transcript throughout the proposal for decision, I suggest the Board modify the proposal for decision to assess the costs of the deposition transcript in the amount of \$1,108.75 against Respondent in addition to the administrative costs recommended by the ALJ.

FILED
457-23-13745
9/25/2023 2:05 PM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
April Bermea , CLERK

ACCEPTED
457-23-13745
9/25/2023 2:07:42 pm
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
April Bermea , CLERK

September 25, 2023

Carolyn Dove
Texas State Board of Public Accountancy

VIA EFILE TEXAS

Richard F. Chesebro

VIA EFILE TEXAS

RE: Docket Number 457-23-13745.TSBPA; Texas State Board of Public Accountancy No. 22-06-05L, 22-06-06L; Texas State Board of Public Accountancy v. Richard Francis Chesebro et al.

Dear Parties:

Please find attached a Proposal for Decision in this case.

Exceptions and replies may be filed by any party in accordance with 1 Texas Administrative Code section 155.507(b), a SOAH rule which may be found at www.soah.texas.gov.

CC: Service List

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY,
PETITIONER**

V.

**RICHARD FRANCIS CHESEBRO AND
RICHARD F. CHESEBRO, CPA, PC,
RESPONDENTS**

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**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY,
PETITIONER**

V.

**RICHARD FRANCIS CHESEBRO AND
RICHARD F. CHESEBRO, CPA, PC,
RESPONDENTS**

PROPOSAL FOR DECISION

The Staff of the Texas State Board of Public Accountancy (Board) brought this action seeking sanctions and administrative penalties against Richard Francis Chesebro and Richard F. Chesebro, CPA, PC (jointly, Respondents). The basis for this action was Respondents' alleged violations of the rules of professional conduct relating to competence—specifically, 22 Texas Administrative Code sections 501.74(a) and (b). The Administrative Law Judge (ALJ) recommends that Respondents receive a reprimand from the Board, refund the \$2,000 retainer to the

client-complainant, and pay \$2,743.87 to the Board for its direct administrative costs.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

The hearing convened by videoconference on July 10, 2023, before ALJ Amy Davis of the State Office of Administrative Hearings (SOAH). Attorney Carolyn Dove represented Staff, and Mr. Chesebro represented himself and his firm. The record closed on July 24, 2023, to allow Mr. Chesebro to file written closing argument. On August 3, 2023, the ALJ reopened the record to allow Staff to submit evidence of its direct administrative costs in this matter. Staff submitted an affidavit verifying its administrative costs to which Mr. Chesebro could file objections by August 18, 2023. Mr. Chesebro did not file any objections. The record closed on August 18, 2023.

Neither party contested notice or jurisdiction, and those matters are addressed only in the Findings of Fact and Conclusions of Law below.

II. APPLICABLE LAW

The Board's Rules of Professional Conduct state in relevant part:

A person shall not undertake any engagement for the performance of professional accounting services or professional accounting work which he cannot reasonably expect to complete with due professional

competence,¹ including compliance, where applicable, with § 501.60 of this chapter (relating to Auditing Standards), § 501.61 of this chapter (relating to Accounting Principles), and § 501.62 of this chapter (relating to Other Professional Standards).²

Those rules further state: “A person shall exercise due professional care in the performance of professional services.”³

Additionally, a violation of one of the Board’s Rules of Professional Conduct is grounds for disciplinary action pursuant section 901.502(6) of the Texas Occupations Code. As disciplinary action, section 901.501(a) of the Texas Occupations Code authorizes the Board to:

1. revoke a certificate or firm license;
2. suspend under any terms a certificate, firm license, practice privilege, or license issued for a period not to exceed five years;
3. refuse to renew a license;
4. place a license holder on probation;
5. reprimand a license holder;
6. limit the scope of a license holder’s practice;
7. require a license holder to complete a peer review program conducted in the manner prescribed by the Board;
8. require a license holder to complete a continuing education program specified by the Board;

¹ Competence involves the technical qualifications of the person and the person’s staff. If a person is unable to gain sufficient competence to perform the accounting work, the person shall suggest to the client that engagement of someone competent to perform the work needed, either independently or as an associate. *See* 22 Tex. Admin. Code § 501.74(a)(1)–(2).

² 22 Tex. Admin. Code § 501.74(a).

³ 22 Tex. Admin. Code § 501.74(b).

9. impose on a license holder the direct administrative costs incurred by the Board in taking action under above-listed items (1) through (8);
10. require a license holder to pay restitution;
11. impose an administrative penalty; or
12. impose any combination of the above-listed sanctions.

The Board must prove its allegations by a preponderance of the evidence.⁴

III. EVIDENCE

A. UNDISPUTED BACKGROUND FACTS

Mr. Chesebro holds individual Certificate No. 064497 and Richard F. Chesebro, CPA, PC holds firm license No. C08680 issued by the Board. In May 2022, Respondents provided an undated engagement letter to a client (Complainant) listing services and deliverables to be provided, including a complete plan with milestones, a partnership balance sheet, and capital accounts for each partner.⁵ As per the engagement letter, Respondents charged Complainant \$2,000 as a retainer, and Complainant paid the retainer.⁶ The engagement letter did not specify whether the \$2,000 retainer was refundable.⁷

⁴ 1 Tex. Admin. Code § 155.427; *Granek v. Tex. St. Bd. Of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).

⁵ TSBPA Ex. 1.

⁶ TSBPA Ex. 1.

⁷ TSBPA Ex. 1.

After several meetings with Mr. Chesebro, Complainant terminated her engagement with Respondents. At the time of the termination, Mr. Chesebro had not provided any of the deliverables outlined in the engagement letter. Complainant requested a partial refund of the retainer, and Mr. Chesebro refused. Complainant's engagement with Respondents lasted approximately fifteen days.

On May 31, 2022, Complainant filed a complaint against Respondents with the Board.⁸ The Board's Staff sent an Initial Investigation Letter to Respondents in which Respondents were given an opportunity to provide a written response to Complainant's allegations. Mr. Chesebro submitted a written response and reported the following hours worked on Complainant's engagement before his services were terminated:⁹

Date	Task	Time Recorded	Hours Worked
05/21/22	Review 2020 1065. Clarifying LLCs	1:30PM to 3:15PM	1.75 hours
05/21/22	Reviewing portal documents K-1s from Mowgli	7:05PM to 8:35PM	1.5 hours
05/22/22	Review K-1s to Partners	7:30AM to 8:30AM	1 hour
Total No. of Hours Worked:			4.25 hours

⁸ TSBPA Ex. 3 at 41.

⁹ TSBPA Ex. 5.

On August 17, 2022, the Behavioral Enforcement Committee (Committee) of the Board reviewed Respondents' files and recommended that it would dismiss the complaint against Respondents if the fees charged and paid by Complainant were refunded to her.¹⁰ On August 18, 2022, Staff e-mailed Mr. Chesebro the Committee's recommendation and advised that if he did not comply with the recommendation, the Committee would reconsider the matter in October. On that same day, Mr. Chesebro submitted an e-mail requesting a written copy of the Committee's recommendations and requesting attendance at the Committee's reconsideration of the complaint in October.

On October 25, 2022, Mr. Chesebro attended the Board's reconsideration of the complaint against him and his firm. During the meeting, Mr. Chesebro was questioned by the Board about his reported time. Also on October 25, 2022, Mr. Chesebro submitted an email claiming he had worked a total of 12 hours on Complainant's engagement.¹¹

¹⁰ TSBPA Ex. 6.

¹¹ TSBPA Ex. 8.

Dear Ms Beiter

There are three additions to my billable hours that I would like to make.

The time I spent with Ms Egan.. Three in office meetings with additional phone calls adds up to 4.5 hours.

Time spent on the phone with Ms Egan's previous CPA discussing the software she used to prepare the Egans 2018, 2019 and 2020 - 1 hr.

Time spent with Intuit Customer Support Group to determine if Ms Egans data can be uploaded into proconnect 1 hr.

This 6.5 hours along with previously submitted 5.5 hours totals to 12 hours.

Could someone please Reply to this email acknowledging receipt.

Best regards,

Richard F Chesebro CPA

Mr. Chesebro did not provide any additional invoices, deliverables, or other documentation detailing the work he performed to the Committee or to the Board, nor did he explain the discrepancy between the 4.25 hours he claimed to have worked in his initial response and the “previously submitted 5.5 hours” referenced in his October 25, 2022 email.

As of the date of the hearing, Respondents had not refunded Complainant any part of the \$2,000 retainer.

B. STAFF’S EVIDENCE

Staff offered, and the ALJ admitted, nine exhibits, including deposition testimony of Mr. Chesebro.¹² Staff also presented the testimony of:

- Complainant;
- Robert Egan, Complainant’s ex-husband;
- Paulette Beiter, a staff attorney for the Board;
- Jerry Hill, General Counsel for the Board; and
- Phillip Johnson, CPA, as an expert witness.

On August 3, 2023, the ALJ reopened the record to allow Staff to submit evidence of its direct administrative costs in this matter. Staff submitted an affidavit verifying its administrative costs to which Respondents did not object. The ALJ admitted Staff’s affidavit of its direct administrative costs as Staff Ex. 10.

1. Complainant’s Testimony

Complainant testified that she contacted Mr. Chesebro after seeing an ad for his services in her neighborhood magazine. She met with Mr. Chesebro in his home office on either May 18 or 19, 2022, and hired him to prepare her Form 1065 Partnership Return.¹³ Complainant testified that her tax return is complicated and that she has had to file over twenty Schedule K-1 tax forms for various real estate investments.

¹² TSBPA Exs. 1-9.

¹³ U.S. Return of Partnership Income.

At that first meeting, Mr. Chesebro presented her with an engagement letter detailing the scope and price of his accounting services. The engagement letter specified that Mr. Chesebro would charge an hourly rate of \$200 and work from a ten-hour retainer with the first payment of \$2,000 due at the time Complainant signed the engagement letter. Complainant signed the engagement letter and paid Mr. Chesebro \$2,000 that day. Complainant testified that it was never made clear whether this initial meeting was free of charge.

Complainant explained that Mr. Chesebro initially told her that he would charge an hourly fee of \$100, but by the time he presented her with an engagement letter, he had increased his price per hour by \$100. The engagement letter also listed a set of deliverables that Complainant would receive: a complete plan with milestones, a partnership balance sheet, and capital accounts for each partner.¹⁴ Complainant testified that Mr. Chesebro never discussed using a flat-fee agreement for his services nor did he inform her that his first retainer would be nonrefundable.

Complainant testified that she attempted to assist Mr. Chesebro in preparing her tax return. She provided “several documents multiple times” to Mr. Chesebro, including her Form 1065 Partnership Return from the year before and her personal tax return (both of which were prepared by another CPA). Complainant also provided Mr. Chesebro with access to her QuickBooks and, at Mr. Chesebro’s

¹⁴ TSBPA Ex. 1

request, articles about real estate taxes and new tax rules.¹⁵ Finally, she put Mr. Chesebro in contact with her former CPA to help him prepare her tax return.¹⁶

Mr. Chesebro's request for articles about new tax rules alarmed Complainant because she does not keep abreast of new tax rules implicating real estate investments and instead relies on the expertise of CPAs. She testified that she has never had a CPA request such materials from her as a client.

Prior to hiring Mr. Chesebro, Complainant had engaged the services of her former CPA for over ten years.

Complainant terminated her engagement with Mr. Chesebro during a meeting at his home office. Complainant explained that during that meeting, she and Mr. Chesebro telephoned her former CPA and Mr. Chesebro asked the former CPA to help him transfer Complainant's financial data into his database and to be available to assist him in preparing Complainant's return. Complainant felt that the questions asked by Mr. Chesebro to her former CPA and his inability to transfer her financial data into his database indicated a lack of competence to prepare her Form 1065 Partnership Return with over twenty Schedule K-1 tax forms on real estate. By that time, Mr. Chesebro had had access to Complainant's financial documents for ten days. In addition, her former CPA informed Complainant during that call that she

¹⁵ TSBPA Ex. 2. In an email to Complainant, Mr. Chesebro wrote: "As an investor I am sure you read material associated with RE investing. I refer to this material as trade information. Many times the trade magazines and trade blogs will have a column devoted to new tax rules. Could you please provide links to these resources."

¹⁶ TSBPA Ex. 4. In another email to Complainant, Mr. Chesebro wrote: "I have assumed [Complainant's former CPA] will help us move the 2018 to 2020 data into my database."

would need to charge her a \$400 fee if she were required to help Mr. Chesebro “get up to speed” in preparing Complainant’s partnership return. After that phone call, Complainant decided to terminate her engagement with Respondents. She requested a refund of her retainer, and Mr. Chesebro refused and instead told her to contact the Board. The meeting concluded, and Complainant felt that Mr. Chesebro was “very rude.”

Complainant later telephoned Mr. Chesebro in another attempt to resolve the conflict. Again, Mr. Chesebro was rude and told her to contact the Board. On May 31, 2022, Complainant “followed [Mr. Chesebro’s] direction,” contacted the Board, and filed a complaint against Respondents.

In her complaint letter to the Board, Complainant detailed her four in-person meetings with Mr. Chesebro at his home office.¹⁷ The first meeting with Mr. Chesebro was uneventful, and Mr. Chesebro indicated a desire to prepare Complainant’s tax return. At the second meeting with Mr. Chesebro, Complainant felt that he “was showing signs of confusion” and did not understand the structure of her partnership. At the third meeting, Complainant called Mr. Chesebro on the phone to notify him that she was at his home for her scheduled meeting with him. Mr. Chesebro opened the door to his home but was not fully clothed. This incident caused Complainant “great discomfort and concern.” At the fourth and final meeting, Complainant wrote that Mr. Chesebro “was still unable to understand the business structure; unable to coherently communicate with [my] former CPA over the phone; and ... [pushed] me to give him my passwords [from] my money

¹⁷ TSBPA Ex. 3.

accounts” despite already having access to her Quickbooks.¹⁸ She concluded her complaint letter by writing, “I will also tell you that I felt that [Mr. Chesebro] was daring me to write this letter and that he was expecting me to not contact the [B]oard.”¹⁹

Complainant testified that on January 7, 2023, she emailed Respondents requesting the EIN and other W-9 information for her tax return. That same day, Mr. Chesebro replied to her via e-mail:²⁰

You filed a complaint against me with TSBPA. Once the complaint is resolved I will be happy to provide you with any information you request.

Richard

Mr. Chesebro provided Complainant with the requested EIN and other W-9 information on January 15, 2023.

Complainant testified repeatedly that she never received an invoice from Respondents; any of the deliverables described in the engagement letter; a completed Form 1065 Partnership Return; or a full or partial refund of the \$2,000 retainer paid to Respondents.

¹⁸ TSBPA Ex. 3.

¹⁹ TSBPA Ex. 3.

²⁰ TSBPA Ex. 4.

2. Robert Egan's Testimony

Robert Egan is Complainant's ex-husband and the bookkeeper for one of Complainant's partnerships. He testified that that he met Mr. Chesebro sometime in May of 2022 when Complainant hired him. Mr. Egan testified that he provided Mr. Chesebro with all the financial reports related to the partnership as well as a flowchart explaining the partnership's structure. Mr. Egan testified that he became concerned about Mr. Chesebro's ability to complete the tax return when he began asking basic questions about the language used on the some of the forms, such as the Schedule K-1s. After Respondents were terminated, Mr. Egan testified that he provided the same materials to another CPA and that the new CPA was able to prepare the tax return for the partnership.

3. Paulette Beiter's Testimony

Paulette Beiter is a staff attorney for the Board. She testified that she reviews complaints received and determines whether there are any statutory or regulatory violations. If she determines there is an alleged violation, she will send a letter to the licensee requesting additional background information about the complaint. She will then submit the complaint and any response received to the Committee, which is comprised of Board members, consulting members who are licensed CPAs, and one non-CPA member. She explained that the Committee will meet to determine whether there were any regulatory or statutory violations requiring enforcement. If there are violations, the Committee will make a sanction recommendation to the Board.

Ms. Beiter testified that in this case, the Committee recommended that the complaint be dismissed if Mr. Chesebro refunded the fees charged and paid by Complainant. She explained that the Committee met again in October at the request of Mr. Chesebro. During that second meeting, several Committee members asked Mr. Chesebro how he could justify keeping Complainant's entire retainer.

4. Jerry Hill's Testimony

Jerry Hill is the General Counsel of the Board. He is the manager of the Board's enforcement program and provides advice to the Board and its Executive Director. Mr. Hill testified about the enforcement process, including the role of the Committee, at the Board. Mr. Hill testified that very few cases make it to the Committee—the majority are settled informally. In this case, the Committee determined that a reprimand and restitution (i.e., the refund of Complainant's retainer) was an appropriate and "fair outcome." Mr. Hill testified that the Board is seeking its direct administrative costs in this case but that its direct administrative costs do not include any attorney's fees.

5. Phillip Johnson's Expert Testimony

Phillip Johnson, a Board accounting expert witness, testified that he has been a licensed CPA since 1992. His practice consists primarily of tax, consulting, and bookkeeping. He also serves as an advisory member to the Board's Behavioral Enforcement Committee. Mr. Johnson testified that he was present during the Committee's discussion of Mr. Chesebro's case and that the recommendation to dismiss his case if he refunded Complainant the retainer was unanimous. Mr. Johnson also attended the Committee's reconsideration of Mr. Chesebro's case

in October. At that second meeting, Committee members were able to ask Mr. Chesebro questions about his case. It was at this second meeting that Committee members, according to Mr. Johnson, became concerned about Mr. Chesebro's ability to complete the work.

At the second meeting, Mr. Johnson testified that Mr. Chesebro appeared confused and unable to answer questions directly. Mr. Johnson described Mr. Chesebro's demeanor during that meeting as "belligerent" and noted that Mr. Chesebro continued to claim that he had earned the full retainer even though his first written response to the Committee stated that he had only worked 4.25 hours. Mr. Johnson also testified that Mr. Chesebro became defensive and angry when the Committee asked him questions about routine matters, like documentation and work papers.

Mr. Johnson testified that it is imperative for accountants to track their hours worked, regardless of whether they have an hourly or fixed-rate agreement, and to refund any retainer amount that is not used. Mr. Johnson explained that if an accountant tracks the hours worked on all projects, the accountant will then be able to track how long certain types of engagements take and can better assess the demands of new engagements. Mr. Johnson also testified that it is good business practice in any practice to use invoices for billing clients.

In this case, Mr. Johnson found it unusual that there was not an invoice for the initial retainer for Complainant's engagement. Mr. Johnson opined that it would be reasonable to refund a retainer when no work product is provided, and here, there is

no evidence that any work was performed by Mr. Chesebro. He stated that Mr. Chesebro was unable to provide any documentation to justify how he had earned Complainant's \$2,000 retainer: he could not provide intake forms, work papers, notes, spreadsheets, client-record files, or any explanation of his time and billing system. Mr. Johnson testified that Mr. Chesebro should have had some documentation to corroborate his claim of "reviewing documents" for ten hours or some other evidence that he had drawn some conclusions concerning Complainant's tax return. Mr. Johnson added that if an accountant realizes that an engagement is beyond the scope of his or her practice, the accountant should terminate the engagement and refund any amount charged and paid.

Mr. Johnson also testified that Mr. Chesebro failed to exercise due professional care in multiple scenarios, including when he presented himself to a client not fully clothed, refused to provide her with requested materials because she had filed a complaint, and became belligerent and confused at the Committee's meeting. Mr. Johnson testified that he did not believe Mr. Chesebro could answer the Committee's questions coherently and was surprised by his inability to understand why he was even being questioned by the Committee.

6. Staff's Evidence of "Direct Administrative Costs"

Staff submitted the affidavit of Mr. Hill²¹ in which he attested that the Board had expended a total of \$3,852.62 in direct administrative costs in prosecuting this case. Mr. Hill attested to the number of hours worked and the billing rate for two

²¹ TSBPA Ex. 10.

Board employees in prosecuting this case; the witness fees and travel expenses for its three witnesses; and the administrative costs and court reporting fees of deposing Respondent. Staff's hours worked are as follows:

Employee	Hours Worked	Hourly Rate	Total
Marisa Rios	10.75 hours	\$183.96	\$1,977.57
Jo Febraro, for work performed prior to 8/4/2022	2.25 hours	\$141.00	\$317.25
Jo Febraro, for work performed after 8/4/2022	1.25 hours	\$168.78	\$210.98
TOTAL:			\$2,505.80

Pursuant to 22 Texas Administrative Code § 519.40, Staff was required to pay the following witness fees and travel expenses for its witnesses:

Witness	Witness Fee and Travel Expenses
Gracie Egan	\$71.73
Robert Egan	\$116.34
Philip Johnson	\$50.00
Total:	\$238.07

Finally, Staff also paid \$1,108.75 to Integrity Legal Solutions for the deposition of Respondent.

C. RESPONDENTS' EVIDENCE

Mr. Chesebro testified on behalf of himself and his firm and did not offer any exhibits into evidence. Mr. Chesebro's deposition testimony was largely duplicative of his hearing testimony.

Mr. Chesebro testified that he has been licensed as a CPA in Texas since 1994. He explained that he mostly prepares personal tax returns, but also does "miscellaneous things, like create reports." Mr. Chesebro said he has prepared approximately six or seven partnership tax returns before and that business tax returns comprise a very small part of his business. He testified that he has never prepared a balance sheet for a partnership outside of a tax return.²² Over 90% of his clientele live in Sun City, Georgetown.

Mr. Chesebro testified about the way he conducts his business, including his billing practices. He explained that his first step with a potential client is to offer them a complimentary interview for up to ninety minutes to determine whether he and the potential client make a good match. If he decides to take on the client, he will not provide an engagement letter for fixed-fee services but will for hourly work.²³ He testified that he sometimes charges a retainer, especially if a client has collections issues.²⁴ To keep track of the what is left in a client's retainer, Mr. Chesebro maintains a physical notepad with that information but he does not send regular

²² TSBPA Ex. 9 at 30.

²³ TSBPA Ex. 9 at 11, 13.

²⁴ TSBPA Ex. 9 at 16 ("Any collections issues, I will charge a retainer. Because if the IRS is having a hard time getting money from you, I'm sure not going to take any chances.").

statements to his clients. When asked if he has shown clients the notepad chronicling their retainer amounts, Mr. Chesebro answered that no client has ever asked him to.²⁵ He testified that he has never had a case end before he used up the client's retainer—meaning he has never refunded a retainer—because his retainers do not go beyond ten hours.²⁶ He also explained that he bills clients in increments of fifteen minutes and that he rounds down.²⁷ When it comes to invoicing clients, Mr. Chesebro testified at the hearing that he uses a book to keep track of his hours and that he usually provides an invoice to his clients out of Quickbooks. But during his deposition, Respondent testified that “it would be very rare” for him to send a client an invoice.²⁸

Mr. Chesebro explained that he asked Complainant about locating tax rules because “when you have a client that you value, one of the things you do is you try to stay head of the client. You try to read the publications they read.” He testified that he has asked other clients in the past to provide links to tax resources and that they have never seem surprised at his request. He testified that the purpose of his email to Complainant was to assure her that she was not alone because she seemed “very afraid.”²⁹ When asked how he finds tax rules, Mr. Chesebro answered that he consults Parker law, AICPA, and Google.³⁰

²⁵ TSBPA Ex. 9 at 17.

²⁶ TSBPA Ex. 9 at 17, 20.

²⁷ TSBPA Ex. 9 at 19.

²⁸ TSBPA Ex. 9 at 16.

²⁹ TSBPA Ex. 9 at 35.

³⁰ TSBPA Ex. 9 at 35.

Mr. Chesebro could not recall how Complainant initially contacted him, but he did remember meeting with Complainant and Mr. Egan at his home. He testified that she paid him the \$2,000 retainer, and he deposited that retainer into an account which also has funds from his flat-fee clients.³¹ He testified that Complainant uploaded her financial documents to his client portal, but that she “probably” removed them when she filed her complaint with the Board.³² When asked about the flowchart Complainant provided to clarify the structure of her partnership, he stated that it was not something that he could produce a tax return from, and that he needed to look at the actual partnership agreements.³³ He testified that one of the reasons Complainant’s case was interesting to him was that one of the partners in her partnership was a life insurance policy.³⁴

Given the complexity of her partnership structure, Mr. Chesebro testified that he told Complainant at their final meeting that the \$2,000 retainer would need to be a flat rate for him to produce the balance sheets for her and that Complainant agreed before becoming upset and terminating her engagement with him.³⁵ Mr. Chesebro testified that Complainant then requested a partial refund of her retainer (\$1,000), but that he refused because he “did the work” and “earned the money.”³⁶ However, Mr. Chesebro later testified that he did not know how many hours he had spent on

³¹ TSBPA Ex. 9 at 28.

³² TSBPA Ex. 9 at 32.

³³ TSBPA Ex. 9 at 38.

³⁴ TSBPA Ex. 9 at 39.

³⁵ TSBPA Ex. 9 at 40, 43.

³⁶ TSBPA Ex. 9 at 44-45.

Complainant's matter when she terminated the engagement but that "it's a lot more than ten hours."³⁷ He added that he had only been working on Complainant's matter for approximately fifteen days, which was an insufficient amount of time to develop any milestones.

Mr. Chesebro argued that 22 Texas Administrative Code section 501.74(e)³⁸ specifically contemplates an accountant taking on unfamiliar work and allows an accountant to conduct additional research or consult with others during an engagement. He argued that his communications to Complainant's former CPA and requests for links to real estate tax rules were well within the scope of assistance contemplated by 22 Texas Administrative Code section 501.74(e).

Mr. Chesebro testified that after Complainant submitted her complaint to the Board, he submitted a written response to the Board in which he accounted for 4.25 hours of work on Complainant's matter. Later, Mr. Chesebro requested to be present at the Committee's reconsideration of his case in October. He testified that at the Committee meeting, "The Board made it very clear that I needed to provide more hours to cover the ten hours [of the retainer]."³⁹ In response, Mr. Chesebro sent an e-mail outlining an additional 5.5 hours of work he had completed. Mr. Chesebro testified that he did not understand why the Committee advised him

³⁷ TSBPA Ex. 9 at 50-51.

³⁸ This subsection of the Board's rule on Competence adds an "Interpretive comment" that states, in relevant part, "In some cases, however, additional research or consultation with others may be necessary during the performance of the professional services." 22 Tex. Admin. Code § 501.74(e).

³⁹ TSBPA Ex. 9 at 48.

to refund Complainant her retainer.⁴⁰ When asked why he told the Committee that he had spent 4.25 hours when he had spent more than that, Mr. Chesebro answered: “That’s all I recorded.”⁴¹

Mr. Chesebro testified that he recalled Complainant requesting her W-9 materials on January 7, 2023. He testified that he had never received a request for a W-9 before, and that he responded to her e-mail request in the way that he did because it was how he felt at the time. He testified that he does not provide his workpapers to his clients because they are “privileged information” and that there are “many court settlements that would agree with [his position].”⁴² He stated that he provided Complainant her requested documents on January 15, 2023.

IV. ANALYSIS

Staff alleges that Respondents violated two rules of professional conduct:

- Respondents violated 22 Texas Administrative Code section 501.74(a) by undertaking an engagement for accounting services when Respondents did not possess the requisite professional competence to complete the engagement; and
- Respondents violated 22 Texas Administrative Code section 501.74(b) and failed to exercise due professional care by failing to: provide any deliverable described in Complainant’s engagement agreement, accurately track and account for the amount of time billed against the retainer, and refund any unused retainer to Complainant after termination.

⁴⁰ TSBPA Ex. 9 at 48.

⁴¹ TSBPA Ex. 9 at 51.

⁴² TSBPA Ex. 9 at 53-54.

A. SECTION 501.74(A) VIOLATION

Staff alleges that Respondents violated 22 Texas Administrative Code section 501.74(a) which prohibits an accountant or accounting business from accepting an engagement that he or she cannot expect to complete with competence:

A person shall not *undertake* any engagement for the performance of professional accounting services or professional accounting work which *he cannot reasonably expect to complete with due professional competence....*⁴³

The plain language of 22 Texas Administrative Code section 502.74(a) involves expectations at the time an accountant undertakes an engagement; it looks forward.

In this case, the evidence shows that Mr. Chesebro could not have reasonably expected to complete Complainant's work with due professional competence when he accepted the engagement. Complainant acknowledged that her partnership structure is "complicated," and she disclosed to Mr. Chesebro that her partnership tax return includes over twenty Schedule K-1s. Mr. Chesebro testified that prior to accepting Complainant's engagement, he had only prepared a "handful" of partnership tax returns in his career and that the bulk of his accounting work consisted of preparing personal tax returns. Mr. Chesebro also assumed that Complainant's former CPA would be available to help him upload Complainant's financial data into his database. All these factors indicate that Mr. Chesebro should have realized that he could not have reasonably expected to complete Complainant's

⁴³ 22 Tex. Admin. Code § 501.74(a) (emphasis added); *see also* 22 Tex. Admin. Code § 501.52(17) (defining "person" to include individuals and business entities that provide or offer to provide professional accounting services).

partnership tax return with due professional competence at the time he entered the engagement with her.

Mr. Chesebro's argument that his actions fall within the scope of section 501.74(e) is unavailing. The record does not include evidence that Mr. Chesebro conducted additional research or consulted with others. Instead, the record establishes that Mr. Chesebro asked Complainant to conduct additional research on his behalf (i.e., locate new real estate tax rules for him) and asked her former CPA to assist him with accessing Complainant's financial data. Mr. Chesebro's reliance on Complainant's former CPA was so great that she alerted Complainant that she would need to charge a \$400 consulting fee to get Mr. Chesebro "up to speed." While section 501.74(e) allows an accountant to seek additional assistance in performing his work, the rule does not contemplate the conscription of other professionals or to require the client to perform research on tax rules.

Because Mr. Chesebro was not familiar with preparing complex partnership tax returns prior to accepting Complainant's engagement, Staff established a violation of 22 Texas Administrative Code section 501.74(a).

B. SECTION 501.74(B) VIOLATION

Staff alleges that Respondents violated 22 Texas Administrative Code section 501.74(b) which requires a person to "exercise due professional care in the performance of professional services."⁴⁴ Staff's expert, Mr. Johnson, credibly

⁴⁴ 22 Tex. Admin. Code § 501.74(b).

testified about the need for accountants to adequately track their hours worked on an engagement, to utilize invoices for billing, to maintain a consistent recordkeeping system, and to refund a retainer to the extent that it is not used up. Mr. Johnson testified that it is reasonable to refund a retainer when no work product is provided to a client. Mr. Chesebro did not offer any credible evidence to contradict the expert opinions offered by Mr. Johnson.

Although Mr. Chesebro claims that he “did the work” and “earned the money,” the evidence in the record is insufficient to support his claim and instead shows a lack of due professional care on multiple occasions:

- Mr. Chesebro was unable to produce any documentation to corroborate his claim that he worked ten hours to use up Complainant’s \$2,000 retainer. Instead, the evidence shows that when the Board asked him to show his timekeeping, Mr. Chesebro submitted an email listing 4.25 hours worked. It was only after Mr. Chesebro met with the Board and was subject to additional questioning that he then submitted another email listing an additional 5.5 hours worked. Within that second email, Mr. Chesebro stated that he had worked a total of twelve hours, despite only reporting a total of 9.75 hours worked.
- Mr. Chesebro knowingly answered the door to Complainant when he was not fully clothed.
- Respondents’ engagement letter is missing basic information, such as the date it was prepared and information about whether the \$2,000 retainer is refundable.
- Mr. Chesebro initially withheld W-9 information from Complainant and conditioned its release upon the resolution of her Board complaint against him.
- Mr. Chesebro refused to consider a partial refund or other solution to his dispute with Complainant, and instead effectively dared Complainant to file a complaint against him with the Board.

- Mr. Chesebro did not provide Complainant with an invoice, or any documentation whatsoever, regarding the \$2,000 retainer.
- Mr. Chesebro appeared hostile and uncooperative to share information with the Board about his business. He continued to remain nonresponsive to the Board's requests for information, including during his deposition in this proceeding.

Given the number and quality of times that Mr. Chesebro failed to exercise due professional care, the ALJ has significant concerns regarding Mr. Chesebro's professionalism and capability in carrying out professional accounting services. Accordingly, Staff has proven a violation of 22 Texas Administrative Code section 501.74(b). The ALJ recommends that Staff's requested reprimand be imposed.

C. DIRECT ADMINISTRATIVE COSTS

In this case, Staff seeks to recover the direct administrative costs incurred by the Board in the investigation and prosecution of this case against Respondents. The total direct administrative costs sought total \$3,852.62.

Texas Occupations Code section 901.501(a)(9) allows the Board to require a certificate holder to pay the Board's direct administrative costs in a disciplinary proceeding. Pursuant to 22 Texas Administrative Code section 519.2(10), direct administrative costs means:

[T]hose costs actually incurred by the [B]oard through payment to outside vendors and the resources expended by the [B]oard in the investigation and prosecution of a matter within the [B]oard's jurisdiction, including but not limited to, staff salary, payroll taxes and benefits and other non-salary related expenses, expert fees and

expenses, witness fees and expenses, filing fees and expenses of the support staff of the Office of the Attorney General, filing fees, SOAH utilization fees, court reporting fees, copying fees, delivery fees, case management fees, costs of exhibit creation, technical fees, travel costs and any other cost or fee that can reasonably be attributed to the matter.

Here, Staff has provided uncontroverted evidence of the number of hours worked and the billing rate for two Board employees in prosecuting this case; the witness fees and travel expenses for its three witnesses; and the administrative costs and court reporting fees of deposing Mr. Chesebro. The ALJ does not find the \$1,108.75 cost of deposing Mr. Chesebro reasonable. Staff could have subpoenaed Mr. Chesebro to ensure that he would appear at the hearing on the merits; and even if Mr. Chesebro had not appeared, Staff could have moved for a default judgment against Respondents. There was no apparent need to depose Mr. Chesebro in this matter—the case is not complex; Mr. Chesebro did not indicate that he would be unavailable for the hearing; Staff did not utilize deposition testimony in any dispositive motions or to impeach Mr. Chesebro; and Mr. Chesebro has maintained the same position concerning the \$2,000 retainer throughout all his communications with Staff and the Board. Thus, the choice to depose Mr. Chesebro was a litigation decision not reasonably attributable to the matter, and its cost should not be borne by Respondents. The remaining type of costs being sought by Staff fall within the definition of “direct administrative costs” and are all reasonably attributable to the case. Accordingly, Respondents should be responsible for the Board’s \$2,743.87 direct administrative costs.

V. FINDINGS OF FACT

1. Richard Francis Chesebro is a certified public accountant (CPA) in Texas who holds individual Certificate No. 064497 issued by the Texas State Board of Public Accountancy (Board).
2. Richard F. Chesebro, CPA, PC is a Texas CPA firm, owned by Mr. Chesebro, that holds Texas CPA firm license number C08680.
3. In May 2022, Mr. Chesebro provided an undated engagement letter to a client (Complainant) listing services and deliverables he and his firm (jointly, Complainants) would provide, including a complete plan with milestones, a partnership balance sheet, and capital accounts for each partner.
4. As per the engagement letter, Respondents charged Complainant \$2,000 as a retainer, and Complainant paid the retainer.
5. The engagement letter did not specify whether the \$2,000 retainer was refundable.
6. During Complainant's engagement, Mr. Chesebro received Complainant's Form 1065 Partnership Return and personal tax return from the year before and access to Complainant's QuickBooks. Mr. Chesebro also requested that Complainant provide him with articles about real estate taxes and new tax rules, which she did.
7. Complainant met with Mr. Chesebro four times.
8. At the third meeting, Complainant called Mr. Chesebro on the phone to notify him that she was at his home for her scheduled meeting with him. Mr. Chesebro opened the door to his home but was not fully clothed. This incident caused Complainant great discomfort and concern.
9. During the fourth and final meeting, Complainant and Mr. Chesebro contacted Complainant's former CPA. Mr. Chesebro asked the former CPA to help him transfer Complainant's financial data into his database and to be available to assist him in preparing Complainant's return. Mr. Chesebro appeared confused about how to complete Complainant's partnership tax

return, and Complainant's former CPA stated that she would need to charge Complainant a \$400 consulting fee to get Mr. Chesebro "up to speed."

10. After four meetings with Mr. Chesebro, Complainant terminated her engagement with Respondents.
11. At the time of the termination, Respondents had not provided any of the deliverables outlined in the engagement letter.
12. Complainant's engagement with Respondents lasted approximately fifteen days.
13. Complainant requested a refund of the retainer, and Mr. Chesebro refused. Mr. Chesebro refused to consider a partial refund or other solution to his dispute with Complainant, and instead instructed Complainant to file a complaint against him with the Board.
14. On May 31, 2022, Complainant filed a complaint against Respondents with the Board.
15. The Board's Staff sent an Initial Investigation Letter to Respondents. The Board received a written response from Mr. Chesebro addressing Complainant's allegations and claiming he had worked a total of 4.25 hours on Complainant's engagement.
16. On August 17, 2022, the Behavioral Enforcement Committee (Committee) of the Board reviewed Respondents' files and recommended that it would dismiss the complaint against Respondents if the fees charged and paid by Complainant were refunded to her.
17. On August 18, 2022, the Board's Staff e-mailed Mr. Chesebro the Committee's recommendation and notified Mr. Chesebro that if he did not comply with the recommendation, the Committee would reconsider the matter in October. That same day, Mr. Chesebro submitted an e-mail requesting a written copy of the Committee's recommendations and requesting attendance at the Committee's reconsideration of the complaint in October.

18. On October 25, 2022, Mr. Chesebro attended the Board's reconsideration of the complaint against him and his firm. Mr. Chesebro was hostile and uncooperative towards the Board's efforts to obtain information about his business practices.
19. After the meeting, Mr. Chesebro submitted an email claiming he had provided an additional 5.5 hours of work on Complainant's engagement.
20. At this time, Mr. Chesebro claimed to have worked a total of twelve hours on Complainant's engagement even though Respondent had reported a total of only 9.75 hours.
21. Mr. Chesebro did not provide any additional invoices, deliverables, or other documentation detailing the work he performed to the Committee or to the Board.
22. On January 7, 2023, Complainant requested the EIN and other W-9 information for her tax return. Mr. Chesebro responded that he would provide the requested information "once the complaint is resolved."
23. Mr. Chesebro eventually provided Complainant with the requested EIN and other W-9 information on January 15, 2023.
24. Respondents have not refunded Complainant any part of the \$2,000 retainer.
25. On March 6, 2023, the Board docketed this case at the State Office of Administrative Hearings (SOAH). On March 7, 2023, Staff sent notice of the hearing to Respondents. The notice contained a statement of the time, place, and nature of the hearing; a statement of the legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and a short, plain statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition filed with the state agency.
26. Administrative Law Judge (ALJ) Amy Davis convened a hearing on the merits by videoconference on July 10, 2023. Attorney Carolyn Dove represented Staff of the Board, and Mr. Chesebro represented himself and his firm. The hearing concluded that day. The record initially closed on July 24, 2023, upon the filing of closing arguments.

27. On July 26, 2023, Staff filed a Statement of Petitioner's Administrative Costs.
28. On August 3, 2023, the ALJ reopened the record to allow Staff to file evidence supporting its claim of direct administrative costs by August 11, 2023. Respondents were given until August 18, 2023, to file objections.
29. On August 10, 2023, Staff submitted an affidavit verifying its direct administrative costs.
30. The Board's Staff expended \$2,505.80 for the number of hours worked by two of its employees.
31. The Board's Staff expended \$238.07 in witness fees for its three witnesses.
32. The Board's Staff expended \$1,108.75 in deposing Mr. Chesebro .
33. The decision to depose Mr. Chesebro was not reasonable.
34. In total, the Board's Staff has incurred direct administrative costs of \$2,743.87 in prosecuting this case.
35. The record closed on August 18, 2023.

VI. CONCLUSIONS OF LAW

1. The Board has jurisdiction over the licensing and discipline of certified public accountants. Tex. Occ. Code ch. 901.
2. The State Office of Administrative Hearings has jurisdiction over all matters relating to the conduct of a hearing in this matter, including the preparation of a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; 22 Tex. Admin. Code § 519.40.
3. Respondents received adequate and proper notice of the hearing on the merits. Tex. Occ. Code § 901.509; Tex. Gov't Code §§ 2001.051-.052.
4. Staff has the burden to prove its allegations. 1 Tex. Admin. Code § 155.427.

5. The burden of proof is by a preponderance of the evidence. *Granek v. Tex. St. Bd. of Med. Exam'rs*, 172 S.W.3d 761, 777 (Tex. App.—Austin 2005, no pet.).
6. Respondents violated 22 Texas Administrative Code § 501.74(a) and (b).
7. The Board is authorized to imposed disciplinary sanctions against a person who has violated a rule of professional conduct adopted by the Board or who has engaged in conduct indicating a lack of fitness to serve the public as a professional accountant. Tex. Occ. Code § 901.502(6), (11).
8. The Board is authorized to impose disciplinary sanctions against a firm that fails to comply with the Board's professional standards or rules. Tex. Occ. Code § 901.502(12); 22 Tex. Admin. Code § 501.52(17).
9. The Board may impose any combination of disciplinary sanctions, ranging from limitations on a license-holder's practice, suspension of a certificate or license, or revocation of a certificate or license. Tex. Occ. Code § 901.501(a).
10. Based on the foregoing findings of fact and conclusions of law, the Board should impose a reprimand on the Respondent.
11. If action is taken against a license or certificate, the Board is also authorized to recover its direct administrative costs incurred in the disciplinary proceeding. Tex. Occ. Code § 901.501(a)(9).
12. The Board is authorized to recover its direct administrative costs of \$2,743.87 from Respondent.

Signed September 25, 2023

A handwritten signature in black ink, appearing to read 'Amy Davis', is written over a horizontal line.

**AMY DAVIS
ADMINISTRATIVE LAW JUDGE
STATE OFFICE OF ADMINISTRATIVE HEARINGS**

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Status as of 9/25/2023 2:08 PM CST

Associated Case Party: Texas State Board of Public Accountancy

Name	BarNumber	Email	TimestampSubmitted	Status
Carolyn Dove		carolyn.dove@thedovefirm.com	9/25/2023 2:05:53 PM	SENT

Associated Case Party: RichardFrancisChesebro

Name	BarNumber	Email	TimestampSubmitted	Status
Richard FrancisChesebro		rchesebrocpa@gmail.com	9/25/2023 2:05:53 PM	SENT

Associated Case Party: RICHARD F. CHESEBRO, CPA, PC

Name	BarNumber	Email	TimestampSubmitted	Status
Richard FrancisChesebro		rchesebrocpa@gmail.com	9/25/2023 2:05:53 PM	SENT

<p style="text-align: center;">Agenda Item XI Consideration of Adoption of Board Rules November 9, 2023</p>
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DISCUSSION: The rules listed below were proposed for amendment on first reading at the July 13, 2023 and September 14, 2023 Board meetings.

RECOMMENDATION: The staff recommends that the proposed rules be adopted as presented on second reading.

SUGGESTED MOTION: That the proposed rules listed below be adopted as presented on second reading.

1. *511.57 (Qualified Accounting Courses to take the UCPAE)*
2. *527.5 (Deficient Reviews)*

Adopted Amendment

§511.57. Qualified Accounting Courses to take the UCPAE.

(a) An applicant shall meet the board's accounting course requirements in one of the following ways:

(1) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter (relating to Recognized Institutions of Higher Education) and present official transcript(s) from board-recognized institution(s) that show degree credit for no fewer than 21 semester credit hours of upper division accounting courses as defined in subsections (e), (f) and (g) of this section; or

(2) Hold a baccalaureate or higher degree from a board-recognized institution of higher education as defined by §511.52 of this chapter, and after obtaining the degree, complete the requisite 21 semester credit hours of upper division accounting courses, as defined in subsections (e), (f) and (g) of this section, from four-year degree granting institutions, or accredited community colleges, provided that all such institutions are recognized by the board as defined by §511.52 or §511.54 of this chapter (relating to Recognized Texas Community Colleges).

(b) Credit for hours taken at board-recognized institutions of higher education using the quarter system shall be counted as $\frac{2}{3}$ of a semester credit hour for each hour of credit received under the quarter system.

(c) The board will accept no fewer than 21 semester credit hours of accounting courses from the courses listed in subsections (e), (f) and (g) of this section. The hours from a course that has been repeated will be counted only once toward the required 21 semester hours. The courses must meet the board's standards by containing sufficient accounting knowledge and application to be useful to candidates taking the UCPAE. A board-recognized institution of higher education must have accepted the courses for purposes of obtaining a baccalaureate or higher degree or its equivalent, and they must be shown on an official transcript.

(d) Upper level accounting coursework recognized by the board and in effect prior to January 1, 2024, may be found in §511.60 of this chapter (relating to Qualified Accounting Courses Prior to January 1, 2024 to take the UCPAE).

(e) Effective January 1, 2024, the subject-matter content should be derived from the UCPAE Blueprint. A minimum of 12 semester hours with at least three semester hours in each of the following accounting course content area is required:

(1) financial accounting and reporting for business organizations or intermediate accounting;

(2) financial statement auditing;

(3) taxation; and

(4) accounting information systems or accounting data analytics.

(f) Effective January 1, 2024, a minimum of 9 hours in any of the following accounting course content area is required:

- (1) up to 6 semester credit hours of financial accounting and reporting for business organizations or intermediate accounting;
- (2) advanced accounting;
- (3) accounting theory;
- (4) managerial or cost accounting (excluding introductory level courses);
- (5) auditing and attestation services;
- (6) internal accounting control and risk assessment;
- (7) financial statement analysis;
- (8) accounting research and analysis;
- (9) up to 9 semester credit hours of taxation (including tax research and analysis);
- (10) financial accounting and reporting for governmental and/or other nonprofit entities;
- (11) up to 9 semester credit hours of accounting information systems, including management information systems ("MIS"), provided the MIS courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting;
- (12) up to 9 semester credit hours of accounting data analytics, provided the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; business data analytics may be considered provided the courses are listed or cross-listed as accounting courses, and the institution of higher education accepts these courses as satisfying the accounting course requirements for graduation with a degree in accounting; (while data analytics tools may be taught in the courses, application of the tools should be the primary objective of the courses);
- (13) fraud examination;
- (14) international accounting and financial reporting;
- (15) mergers and acquisitions;
- (16) financial planning;
- (17) at its discretion, the board may accept up to three semester hours of credit of accounting course work with substantial merit in the context of a career in public accounting, provided the course work is predominantly accounting or auditing in nature but not included in paragraphs (1) – (16) of this subsection. For any course submitted under this provision, the Accounting Faculty Head or Chair must affirm to the board in writing the course's merit and content; and
- (18) at its discretion, the board may accept up to three semester credit hours of independent study in accounting selected or designed by the student under faculty supervision. The curriculum for the course shall not repeat the curriculum of another accounting course that the student has completed.
- (g) The following types of introductory courses do not meet the accounting course definition in subsections (e) and (f) of this section:
- (1) elementary accounting;
- (2) principles of accounting;

- (3) financial and managerial accounting;
- (4) introductory accounting courses; and
- (5) accounting software courses.

(h) Any CPA review course offered by an institution of higher education or a proprietary organization shall not be used to meet the accounting course definition.

(i) CPE courses shall not be used to meet the accounting course definition.

(j) An ethics course required in §511.58(d) of this chapter (relating to Definitions of Related Business Subjects to take the UCPAE) shall not be used to meet the accounting course definition in subsections (e) and (f) of this section.

(k) Accounting courses completed through an extension school of a board recognized educational institution may be accepted by the board provided that the courses are accepted for a business baccalaureate or higher degree conferred by that educational institution.

(l) The board may review the content of accounting courses and determine if they meet the requirements of this section.

(m) Credits awarded for coursework taken through the following organizations and shown on a transcript from an institution of higher education may not be used to meet the requirements of this chapter:

- (1) American College Education (ACE);
- (2) Prior Learning Assessment (PLA);
- (3) Defense Activity for Non-Traditional Education Support (DANTES);
- (4) Defense Subject Standardized Test (DSST); and
- (5) StraighterLine.

Adopted Amendment

§527.5. Deficient Reviews.

(a) The board at its sole discretion may require a firm which has received a rating of pass with deficiencies or fail to have an accelerated peer review or subject it to any other disciplinary or corrective action under the Act.

(b) A firm, including a successor firm, which receives two consecutive reviews on a system or engagement review with ratings of either pass with deficiencies or fail in any order, or two pass with deficiencies shall be required to have an accelerated review. If that accelerated review results in a rating of pass with deficiencies or fail:

(1) the firm may complete attest engagements for which field work has already begun only if:

(A) prior to issuance of any report, the engagement is reviewed and approved by a third-party reviewer acceptable to the chairman of the Technical Standards Review Committee or the Peer Review Committee; and

(B) the engagement is completed within 60 days of the acceptance of the peer review report and LOR by the sponsoring organization; and

(2) the firm shall not perform any other attest services until given permission by the board and if approved by the Board may do so only under the supervision of a third-party reviewer approved by the chair of the Technical Standards Review Committee or Peer Review Committee; and

(3) the firm may only perform an attest service not under the supervision of a third-party reviewer following the recommendation of the Technical Standards Review Committee or the Peer Review Committee with the board's approval.

(c) A firm, including a successor firm, which receives two consecutive reviews with a rating of fail on a system or engagement review shall not perform any other attest services for a period of three years or until given permission by the board to resume this practice. The firm may complete attest engagements for which field work has already begun only if:

(1) prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the chairman of the Technical Standards Review Committee or the Peer Review Committee; and

(2) the engagement is completed within 60 days of the acceptance of the peer review report and LOR by the sponsoring organization; and

(3) if approved by the Board, the firm may perform attest services under the supervision of a third-party reviewer approved by the chair of the Technical Standards Review Committee or Peer Review Committee; and

(4) the firm may only perform an attest service not under the supervision of a third-party reviewer following the recommendation of the Technical Standards Review Committee or the Peer Review Committee with the board's approval.

<p style="text-align: center;">Agenda Item XII Review of Future Meetings/Hearing Schedules November 9, 2023</p>
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- I. **DISCUSSION:** Schedule of dates for 2023 Board and committee meetings, hearings, and other activities are attached for your information.
- II. **RECOMMENDATION:** None by staff
- III. **SUGGESTED MOTION:** None by staff

<p style="text-align: center;">Agenda Item XIII Adjournment November 9, 2023</p>

- I. **DISCUSSION:** The presiding officer will entertain a motion to adjourn.
- II. **RECOMMENDATION:** None required
- III. **SUGGESTED MOTION:** None required