

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: May 16, 2024 10:00 AM Central Time (US and Canada)

<https://www.zoomgov.com/j/1618826091?pwd=VUI1NnZwcHBqRjA5M0V2UGduY090UT09>

Meeting ID: 161 882 6091

Passcode: 215374

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One tap mobile

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Dial by your location

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• +1 646 828 7666 US (New York)

Meeting ID: 161 882 6091

Texas State Board of Public Accountancy  
Meeting Schedule

	May 15, 2024					May 16, 2024
COMMITTEE	Peer Assistance Oversight Committee	Qualifications	Licensing/CPE	Rules	Executive	Board
TIME	9:30 AM	10:00 AM	11:00 AM	1:30 PM	2:00PM	10:00 AM
PLACE	HYBRID	HYBRID	HYBRID	HYBRID	HYBRID	HYBRID
LIAISON	BEITER	HILLER	BROOKS	HILL	TREACY/SCHWIMMER-STAGGS	TREACY

ADAMS <sup>1</sup>	✓					✓
AKINBOYE <sup>2</sup>	✓					
BRUCE <sup>2</sup>	✓					
CLARK <sup>2</sup>			✓			
CRAWFORD <sup>1</sup>						✓
ESPINOZA-RILEY <sup>1</sup>			✓ (chair)		✓	✓
FOSHEE <sup>1</sup>		✓ (chair)	✓	✓		✓
GARCIA <sup>1</sup>				✓ (chair)	✓	✓
GRANT <sup>1</sup>			✓		✓	✓
HARTMANN <sup>2</sup>		✓				
HOLUP <sup>1</sup>					✓	✓
KABELL <sup>2</sup>			✓			
MERKET <sup>1</sup>			✓			✓
NEUHOFF <sup>1</sup>			✓			✓
PENÄ <sup>2</sup>			✓			
PITMAN <sup>2</sup>		✓				
SEEFELD <sup>1</sup>					✓ (chair)	✓ (chair)
SMITH <sup>1</sup>		✓		✓	✓	✓
STEPHENS <sup>2</sup>			✓			
VALLÉS-PANKRATZ <sup>1</sup>	✓ (chair)	✓				✓
WILLIS <sup>2</sup>		✓				
WARREN <sup>1</sup>				✓		✓
ZOLTON <sup>2</sup>		✓				

<sup>1</sup> Board Member  
<sup>2</sup> Advisory Member

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**  
**BOARD MEETING AGENDA**  
**MAY 16, 2024**

- I. CALL TO ORDER AND ROLL CALL – 10:00 A.M., MAY 16, 2024 ..... I-1**
- II. APPROVAL OF THE MARCH 21, 2024 BOARD MEETING MINUTES ..... II-1**
- III. PUBLIC COMMENT ..... III-1**
- IV. CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE MEETING ..... IV-1**
  - A. Review and possible action on the Board's financial statements
  - B. Report on Budget Plan for Fiscal Year 2025
  - C. Consideration of increase to professional services contract amendment with Peter DelVecchia
  - D. Report on NASBA/AICPA matters:
    - 1. NASBA dates of interest
      - a. Western Regional Meeting June 25-27, 2024, Omaha, NE
      - b. 117<sup>th</sup> Annual Meeting October 27-30, 2024, Orlando, FL
    - 2. NASBA vice-chair nomination letter in support of J. Coalter Baker, CPA
    - 3. AICPA committee assignment Jeannette P. Smith, CPA
  - E. Review of general correspondence
  - F. Proposed annual evaluation of the executive director
  - G. Agency Strategic Plan FY 2025-2029 draft
- V. CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE RULES COMMITTEE MEETING ..... V-1**
  - A. Discussion, consideration, and possible revision to Board *Rule 511.163 (Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct)*
  - B. Discussion, consideration, and possible revision to Board *Rule 523.130 (Ethics Course Requirements)*
  - C. Discussion, consideration, and possible revision to Board *Rule 523.140 (Program Standards)*
  - D. Schedule next meeting

<b>VI.</b>	<b>CONSIDERATION OF REPORT FROM THE QUALIFICATIONS COMMITTEE MEETING.....</b>	<b>VI-1</b>
	A. Discussion, consideration, and possible revision to Board <i>Rule 511.163 (Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct)</i>	
	B. Report on CPA Exam scores	
	C. Discussion, consideration, and possible action on the Board's Rules of Professional Conduct Exam as required for certification	
	D. Discussion, consideration, and possible action on the Examination Fee Financial Aid (EFFA) proposal	
	E. Review of correspondence from NASBA	
<b>VII.</b>	<b>CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE JOINT CPE AND LICENSING COMMITTEE MEETING.....</b>	<b>VII-1</b>
	A. Discussion, consideration, and possible action concerning Board <i>Rule 523.130 – Ethics Course Requirements</i>	
	B. Update regarding CPE reporting capabilities	
	C. Discussion, consideration, and possible action regarding firm late fees	
	D. Update on the June 22, 2024 Swearing-in Ceremony	
	E. Adjourn	
<b>VIII.</b>	<b>CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE PEER ASSISTANCE OVERSIGHT COMMITTEE MEETING .....</b>	<b>VIII-1</b>
	A. Discussion, consideration, and possible action regarding proposed increase of the grant awarded to The Texas Society of Certified Public Accountants to administer the Peer Assistance Program	
	B. Report on year-end meeting of TXCPA Peer Assistance Program	
	C. Review of Peer Assistance Quarterly Reports from ACAN	
	D. Adjourn	
<b>IX.</b>	<b>CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE BEHAVIORAL ENFORCEMENT COMMITTEE .....</b>	<b>IX-1</b>

**January 4, 2024**

- A. Proposed Dismissal – Voluntary Compliance
  - Investigation Nos. 23-09-07L & 23-09-08L
- B. Other – Status Report

**May 1, 2024**

- A. Proposed Dismissal – Insufficient Evidence

	1. Investigation Nos. 24-01-10L & 24-01-11L	
	2. Investigation Nos. 23-11-10L & 23-11-11L	
	3. Investigation Nos. 24-01-08L & 24-01-09L	
	4. Investigation No. 24-01-05L	
	5. Investigation Nos. 24-02-04L & 24-02-05L	
	B. Other – Status Report	
<b>X.</b>	<b>CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE TECHNICAL STANDARDS REVIEW COMMITTEE.....</b>	<b>X-1</b>
	<b><u>April 3, 2024</u></b>	
	A. Proposed Dismissal – Insufficient Evidence	
	• Investigation No. 23-11-04L	
	B. Other – Status Report	
<b>XI.</b>	<b>DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON PROPOSED AGREED CONSENT ORDERS, ADMINISTRATIVE DISCIPLINARY ACTIONS, AND PROPOSALS FOR DECISION.....</b>	<b>XI-1</b>
	<b><u>A. Behavioral Enforcement Committee</u></b>	
	1. Investigation No. 23-10-06L	
	2. Investigation Nos. 23-05-06L & 23-05-07L	
	3. Investigation No. 22-09-60L	
	4. Investigation No. 23-12-01L	
	<b><u>B. Administrative Disciplinary Actions</u></b>	
	1. Investigation Nos. 23-12-10001 - 23-12-10072	
	2. Investigation Nos. 24-01-10001 - 24-01-10079	
	3. Investigation Nos. 23-12-10073 - 23-12-10277	
	4. Investigation Nos. 24-01-10080 - 24-01-10220	
	5. Investigation Nos. 23-12-10278 - 23-12-10295	
	6. Investigation Nos. 24-01-10221 - 24-01-10234	
	<b><u>C. Proposals for Decision</u></b>	
	1. Douglas Marshall McKelvey	
	2. Christiane Kathleen Irwin	
<b>XII.</b>	<b>ANNOUNCEMENT OF THE AD HOC NOMINATING COMMITTEE .....</b>	<b>XII-1</b>
<b>XIII.</b>	<b>REVIEW OF FUTURE MEETINGS/HEARING SCHEDULES.....</b>	<b>XIII-1</b>
<b>XIV.</b>	<b>ADJOURNMENT .....</b>	<b>XIV-1</b>

<p style="text-align: center;"><b>Agenda Item I</b> <b>Call to Order and Roll Call</b> <b>May 16, 2024</b></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., May 16, 2024 in the Board's office, at which time the roll will be called.

**RECOMMENDATION:** None required

**SUGGESTED MOTION:** None required

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<p style="text-align: center;"><b>Agenda Item II</b> <b>Approval of the March 21, 2024 Minutes</b> <b>May 16, 2024</b></p>
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- I. **DISCUSSION:** The enclosed minutes of the March 21, 2024 Board meeting were kept in accordance with established procedures and reflect the business conducted.

**RECOMMENDATION:** The staff recommends that the minutes of the March 21, 2024 Board meeting be approved as submitted/amended.

**SUGGESTED MOTION:** That the minutes of the March 21, 2024 Board meeting be approved as submitted/amended.



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# Texas State Board of Public Accountancy

## March 21, 2024

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:41 a.m. on March 21, 2024. A notice of this meeting containing all items on the agenda, in accordance with *Section 551.127 of the Texas Government Code* was filed with the Office of the Secretary of State at 3:07 p.m. on March 12, 2024. (TRD #2024-001438) (ATTACHMENT 1)

### Board Members Present

Susan I. Adams, CPA  
Kimberly D. "Kim" Crawford, CPA  
Olivia Espinoza-Riley, CPA  
*Treasurer*  
Renee D. Foshee, Esq., CPA  
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*  
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

### Member Absent

Renee D. Foshee, Esq., CPA,  
*excused*

### Others Present

Kenneth Besserman, Esq.  
Larry Stephens, JD/LLM, CPA  
Mark Vane  
J. Michael Waters, CPA

### 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

- I. Ms. Seefeld, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.

Ms. Smith moved to excuse the absence of Renee D. Foshee from the Board meeting. Mr. Neuhoﬀ seconded the motion and it passed unanimously.

- II. Mr. Garcia moved to approve the January 18, 2024 Board meeting minutes as presented. Ms. Merket 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 March 20, 2024 (video conference and in-person) Joint Executive and Peer Review Committee meeting.

### Members Present

Kimberly D. Crawford, CPA  
Olivia Espinoza-Riley, CPA  
(in-person)  
Ray R. Garcia, CPA  
*Peer Review Committee Chair*  
Jamie D. Grant  
Jill A. Holup  
Laura Lambert, CPA  
Debra D. Seefeld, CPA  
*Presiding Officer*  
(in-person)  
Jeannette P. Smith, CPA  
(in-person)

### Members Absent

Robert M. McAdams, CPA  
Ben Peña, CFE, CPA

### Others Present

Tom A. Akin, CPA  
Kenneth Besserman, Esq.  
Renee D. Foshee, Esq., CPA  
Thomas M. Neuhoﬀ, CPA  
Dipesh Patel, CPA  
Jodi Ann Ray  
J. Michael Waters, CPA

### Staff Present

Marissa Brooks  
Rhonda Fellner  
Ann Hallam, PMP  
J. Randel Hill, Esq.  
Donna Hiller  
Kyle McGaw  
John Moore, Esq.  
Brian O'Neal  
Marisa Rios  
Lorna Schwimmer-Staggs, CPA  
Lori Shaw  
William Treacy

- A. Ms. Seefeld, Acting Chair of the Peer Review Committee, presented on the Peer Review Oversight Board 2023 Annual Report. John Michael Waters, member of the Peer Review Oversight Board (PROB) gave a brief explanation of the Peer Review Committee process. Ms. Smith moved to accept the 2023 Annual Report from the Peer Review Oversight Board with a recommendation to continue the TXCPA and AICPA/NPRC as approved peer review sponsoring organizations. Ms. Crawford seconded the motion and it passed unanimously.
- B. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Mr. Garcia moved to approve the Board's financial statements as presented. Ms. Smith seconded the motion and it passed unanimously.
- C. Ms. Espinoza-Riley, presented the first draft of the Board's Budget Plan for 2025. Questions were addressed during the meeting. No action was required.

Mr. Treacy, Executive Director, expressed interest in pursuing an Exam Fee Financial Aid program for TSBPA to pay for the first exams of students still in school. He would expect to pay for 200 exams per month. One possible funding source would be the scholarship fund, and the Board would also look into other sources of funding. The ideal method of disbursement would be an invoice from NASBA, which Mr. Treacy can speak with them about at next week's meeting. Ms. Smith expressed an interest in obtaining more information on criteria to qualify for the program. Without official action, the committee expressed general interest in staff investigating the possibility of initiating such a program. There was no opposition.

- D. Ann Hallam, Director of IR, presented on Information Resources projects. TSBPA staff conveyed that the budget is based on rough estimates, considering the limited information available before project initiation. Committee members expressed interest in having more detail on sources of the numbers, which staff will provide for the May meeting. No action was required.
- E. Mr. Treacy, Executive Director, presented information on firm late fees. The fees depend on timing but are the same for all firms, regardless of size. He expressed interest in pursuing the possibility of basing late fees on firm size. Without official action, the committee expressed support without opposition.
- F. Ms. Seefeld reported on the following NASBA/AICPA matters:
  - NASBA dates of interest
    - a. 29th Annual Conference for Board of Accountancy Legal Counsel  
March 25 – 27, 2024, Nashville, TN
    - b. 42nd Annual Conference for Executive Directors and Board Staff  
March 25 – 27, 2024, Nashville, TN
    - c. Western Regional Meeting June 25-27, 2024, Omaha, NE
    - d. 117th Annual Meeting October 27-30, 2024, Orlando, FL
- G. Ms. Seefeld reported on general correspondence coming to the Board's attention.
- H. Announcement of Ad Hoc Nominating Committee for the selection of Assistant Presiding Officer.
- V. Ms. Seefeld reported on Peer Review Agenda Item IV-A, of the March 20, 2024 Joint Executive and Peer Review Committee meeting. (Video conference and in-person)
- VI. Ms. Smith, Qualifications Committee Acting-Chair, reported on the following Qualifications Committee meeting:

**March 20, 2024** (Video conference and in-person)

**Members Present**

**Others Present**

**Staff Present**

Renee D. Foshee, Esq, CPA  
*Committee Chair*  
Caroline Hartmann, CPA  
Marshall Pitman, Ph.D., CPA  
Debra Seefeld, CPA  
(*ex officio*)  
Jeannette P. Smith, CPA  
Sheila Vallés-Pankratz  
Veronda Willis, Ph.D., CPA  
Kathy Zolton, CPA

Kenneth Besserman, Esq.  
Thomas Neuhoff, CPA  
Jodi Ann Ray

Paulette Beiter, Esq.  
Marissa Brooks  
Rhonda Fellner  
Ann Hallam, PMP  
J. Randell Hill, Esq.  
Donna Hiller  
Kyle McGaw  
Brian O'Neal  
Marisa Rios  
Lori Shaw  
William Treacy

- A. Ms. Smith reported that 138 individuals had requested reinstatement of CPA Exam credits through the Applicant Reassessment Program and these were approved. Twelve of the individuals have completed all sections of the CPA Exam as a result of the reinstatement and have applied for CPA certification.
- B. Ms. Smith reported that the committee received information from NASBA that 38 students enrolled in the Experience, Earn, and Learn (ELE) Pilot Program offered through Tulane University - School of Professional Advancement. Additional information will be provided to boards of accountancy at the conclusion of the Spring 2024 semester. To determine rigor of the coursework, it was requested that the distribution of grades be provided for the completed coursework.
- C. Ms. Smith reported that Marshall Pitman, chair of the Task Force established to consider the Board's Rules of Professional Conduct Exam, stated that the members were working on the question bank and the next meeting would be held on April 5, 2024. The target completion date for the project is July 2024.
- D. Ms. Smith reported that the committee discussed the question posed by the NASBA Professional Licensure Task Force (PLTF) and recommends that the Board send a letter of support for continued discussion on an equivalent path to licensure that defines a structured professional program qualifying an individual for licensure as a CPA. The committee requests that the letter also state that the PLTF proceed with caution when considering structured professional programs as an alternative pathway to licensure. Ms. Espinoza-Riley moved to draft a letter of support. Mr. Neuhoff seconded the motion and it passed unanimously.
- E. Ms. Smith reported that the committee recognized that it has been more than 20 years since the Standards for Texas Community Colleges to receive the Board's designation - Qualifying Educational Credit for CPA Examination was developed and instructed the staff to reach out to Texas Community Colleges and to the Texas Association of Community Colleges to advise them of the Board's program and learn if there is interest in obtaining the designation.
- F. Ms. Smith reported that the committee reviewed the educational documents submitted by applicant – 0290521 and recommends that the applicant provide syllabi for coursework that may meet the accounting/business communications and accounting information systems and accounting data analytics courses that were completed. The syllabi should be for the semester in which the courses were taken. The applicant should also be informed of the education requirements that are needed for certification after passing the CPA Exam.
- G. Ms. Smith reported that the committee reviewed the CPA Exam Performance Summary for 2023 Q4. Members were reminded that CPA Exam scores for 2024 are delayed. The expected score release dates are June 4 for the Core subjects and April 24 for the Discipline Subjects.
- VII. Ms. Smith, Behavioral Enforcement Committee chair reported on the following Behavioral Enforcement Committee meeting:

**February 29, 2024** (Video conference and in-person)

**Members Present**

Susan I. Adams, CPA  
Bennett Allison, CPA

**Staff Present**

Paulette Beiter, Esq.  
J. Randell Hill, Esq.

Patrick Durio, CPA  
Jill A. Holup  
Phillip D. Johnson  
Robert Ogle, CPA  
Jeannette P. Smith, CPA  
*Committee Chair*

A. Dismissals – Insufficient evidence

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

1. Investigation Nos. 23-10-09L<sup>1</sup> and 23-10-10L<sup>1</sup>
2. Investigation Nos. 23-12-07L<sup>1</sup> and 23-12-08L<sup>1</sup>
3. Investigation No. 23-10-11L<sup>1</sup>
4. Investigation Nos. 24-01-06L<sup>1</sup> and 24-02-01L<sup>1</sup>
5. Investigation Nos. 23-08-08L<sup>1</sup> and 23-08-09L<sup>1</sup>
6. Investigation No. 23-12-02L<sup>1</sup>

B. Reinstatement

- Ms. Warren moved to reinstate the Respondent in **Investigation No. 02-11-10L<sup>1</sup>**. Mr. Grant seconded the motion and it passed. The BEC Committee members did not participate in the vote.

C. Other - The committee considered several other matters during its meeting; however, no action is required.

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

**January 31, 2024**

**Members Present**

Ray R. Garcia, CPA  
*Committee Chair*  
Kimberly Crawford, CPA  
Douglas Koval, CPA  
Dilliana Stewart, CPA  
Susan Warren, CPA  
Juliet Williams, CPA

**Others Present**

Jamie Grant  
Sheila Vallés-Pankratz

**Staff Present**

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

A. Dismissals – Insufficient evidence

Ms. Smith moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Holup seconded the motion and it passed. The TSR Committee members did not participate in the vote.

1. Investigation No. 23-02-08L<sup>2</sup>
2. Investigation No. 23-10-01L<sup>2</sup>
3. Investigation No. 23-11-05L<sup>2</sup>
4. Investigation No. 23-11-09L<sup>2</sup>

B. Modify – Limit Scope

Ms. Espinoza-Riley moved to modify the limited scope in **Investigation No. 22-01-02A<sup>2</sup>** to allow the Respondent to perform compilations. Ms. Merket seconded the motion and it passed. The TSR Committee members did not participate in the vote.

C. Other - The committee considered five other matters during its meeting; however, these matters do 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)**  
**BEHAVIORAL ENFORCEMENT COMMITTEE (BEC)**

Ms. Espinoza-Riley moved to approve the following ACOs as presented. Mr. Neuhoft seconded the motion and it passed. The BEC Board members did not participate in the vote.

- **Investigation Nos.:** 23-11-01L<sup>1</sup> & 23-11-02L<sup>1</sup> **Hometown:** Austin, TX  
**Respondents:** Charles Angelo Chase Insogna **Certificate No.:** 093422  
& Insogna CPA PC **Firm License No.:** C08895

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Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, would remove an online comment and would be assessed an administrative penalty of \$500.

Respondents intentionally disclosed client's information.

**TECHNICAL STANDARDS REVIEW COMMITTEE (TSR)**

Ms. Merket moved to approve the following ACOs as presented. Ms. Smith seconded the motion and it passed. The TSR Board members did not participate in the vote.

1. **Investigation Nos.:** 23-06-06L<sup>2</sup> & 23-06-07L<sup>2</sup> **Hometown:** Wylie, TX  
**Respondents:** Nathan Edward Ferguson & Nathan Ferguson, CPA LLC **Certificate No.:** 099538  
**Rule Violations:** 501.60, 501.61 **Firm License No.:** C08926  
**Act Violations:** 901.502(6), 901.502(11)

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Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$2,500 and administrative costs of \$786.52, and placed on limited scope requiring pre-issuance review of any attest services for educational institutions regulated by the U.S. Department of Education (DOE) until the pre-issuance reviewer indicates the Respondents are qualified to provide the attest services on their own.

Respondents failed to meet Generally Accepted Government Auditing Standards (GAGAS), Generally Accepted Auditing Standards (GAAS), and DOE Audit Guide requirements for Title IV Programs and HEERF Grants in the financial statement audit, Title IV compliance audit, and HEERF compliance examination engagement for a proprietary school regulated by the DOE.

2. **Investigation Nos.:** 23-07-06L<sup>2</sup> & 23-07-07L<sup>2</sup> **Hometown:** Tioga, TX  
**Respondents:** Shawn David Nesmith & Shawn D. Nesmith, CPA PLLC **Certificate No.:** 089698  
**Rule Violations:** 501.60, 501.61, 501.70 **Firm License No.:** C10988  
**Act Violations:** 901.502(6), 901.502(11)

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Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$5,000 and administrative costs of \$1,151.66, and required to withdraw their audit opinions for a school district.

Respondents issued audited financial statements for a school district when they lacked independence.

3. **Investigation Nos.:** 23-07-08L<sup>2</sup> & 23-07-09L<sup>2</sup> **Hometown:** Dallas, TX  
**Respondents:** Henry Frank Cordova II and Cordova & McPherson CPA Firm LLC **Certificate No.:** 106658  
**Rule Violations:** 501.60, 501.61, 501.74, 527.4 **Firm License No.:** C10489  
**Act Violations:** 901.159, 901.502(6), 901.502(11)

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Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$2,500 and administrative costs of \$641.11, and placed on

limited scope requiring pre-issuance reviews of any audits, compilations, and reviews until the Respondent Firm passes its next peer review.

Respondents failed to timely complete an engagement to provide a client reviewed financial statements. Respondent Firm issued reviewed financial statements when it was not enrolled in a peer review program and when the firm license was delinquent/expired.

- |                              |                                |                         |                      |
|------------------------------|--------------------------------|-------------------------|----------------------|
| <b>4. Investigation No.:</b> | <b>23-07-11L<sup>2</sup></b>   | <b>Hometown:</b>        | <b>Grapevine, TX</b> |
| <b>Respondent:</b>           | <b>James Robert Fitts</b>      | <b>Certificate No.:</b> | <b>073978</b>        |
| <b>Rule Violations:</b>      | <b>501.90(7), 501.91(a)(2)</b> |                         |                      |

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded, assessed an administrative penalty of \$20,000 and administrative costs of \$689.58, placed on limited scope prohibiting him from performing attest services for public companies until either he is reinstated by the U.S. Securities and Exchange Commission (SEC) or until a petition to lift the limitation of scope is granted by the Board, and required to inform the Board if he applies for reinstatement to practice as an accountant before the SEC.

Respondent was sanctioned by the SEC for failing to comply with several Public Company Accounting Oversight Board professional standards as the engagement partner for a CPA firm. Respondent was censured, barred from practicing before the SEC for at least one year until reinstated by the SEC, and assessed a civil money penalty.

- |                              |  |                         |                   |
|------------------------------|--|-------------------------|-------------------|
| <b>5. Investigation No.:</b> | <b>23-07-12L<sup>2</sup></b>               | <b>Hometown:</b>        | <b>Dallas, TX</b> |
| <b>Respondent:</b>           | <b>Edward Lewis Turner III</b>             | <b>Certificate No.:</b> | <b>018002</b>     |
| <b>Rule Violations:</b>      | <b>501.60, 501.61, 501.90(7)</b>           |                         |                   |
| <b>Act Violations:</b>       | <b>901.502(6), 901.502(9), 901.502(11)</b> |                         |                   |

Respondent entered into an ACO with the Board whereby Respondent would involuntarily surrender his certificate in lieu of further disciplinary action by the Board.

Respondent was sanctioned by the Public Company Accounting Oversight Board (PCAOB) for failing to cooperate with a PCAOB's inspection of his firm's audit and review, creating and backdating a new workpaper and deleting a workpaper that had been prepared and signed off on by the Respondent and the firm's engagement quality reviewer, and providing the altered audit file to the PCAOB without identifying the improper alterations and deletion. Respondent was censured, barred from practicing before the PCAOB and assessed a civil money penalty.

- |                              |                                |                         |                        |
|------------------------------|--------------------------------|-------------------------|------------------------|
| <b>6. Investigation No.:</b> | <b>23-10-02L<sup>2</sup></b>   | <b>Hometown:</b>        | <b>Brownsville, TX</b> |
| <b>Respondent:</b>           | <b>Carlos Humberto Cascos</b>  | <b>Certificate No.:</b> | <b>038638</b>          |
| <b>Rule Violations:</b>      | <b>501.60, 501.61</b>          |                         |                        |
| <b>Act Violations:</b>       | <b>901.502(6), 901.502(11)</b> |                         |                        |

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded and assessed administrative costs of \$697.11.

Respondent, as an engagement partner for his previous firm, failed to meet professional standards in the performance of an audit of financial statements for a not-for-profit entity subject to the Uniform Guidance for the fiscal year ended August 31, 2015. Respondent failed to identify and test all major federal programs as required by OMB Circular 133, Government Auditing Standards and Single Audit Standards.

## **B. ADMINISTRATIVE DISCIPLINARY ACTIONS**

Ms. Warren moved to approve the following Administrative Disciplinary Actions as presented. Ms. Smith 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 2)**

No Board committee considered these actions.

Investigation Numbers

1. 23-10-10001 - 23-10-10061
2. 23-11-10001 - 23-11-10066

**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 3)**

No Board committee considered these actions.

Investigation Numbers

3. 23-10-10062 - 23-10-10227
4. 23-11-10067 - 23-11-10225

**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 4)**

No Board committee considered these actions.

Investigation Numbers

5. 23-10-10228 - 23-10-10243
6. 23-11-10226 - 23-11-10241

- X. Mr. Neuhoff moved to adopt the following Board *Rules* as presented. Ms. Adams seconded the motion and it passed unanimously. **(ATTACHMENT 5)**

1. *Section 501.62 (Other Professional Standards)*
2. *Section 521.9 (Certificate Fee)*

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

- XII. Ms. Warren move to adjourned the meeting at 11:41 a.m., Ms. Espinoza-Riley seconded.

**ATTEST:**

\_\_\_\_\_  
Debra D. Seefeld, CPA, Presiding Officer

\_\_\_\_\_  
Jeannette P. Smith, CPA, Secretary

<sup>1</sup>Ms. Adams, Ms. Holup, and Ms. Smith recused themselves from participating in this matter.



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

**Agenda Item III  
Public Comment  
May 16, 2024**

- 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

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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
---

- A. Review and possible action on the Board's proposed financial statements
- B. Proposed Budget Plan for Fiscal Year 2025
- C. Consideration increasing the amount of professional services contract amendment with Peter DelVecchia

**Technical Standards Review Committee**

- Peter DelVecchia 9/1/23 – 8/31/24 \$25,000  
(Increase contract by \$25,000 from \$25,000 to \$50,000)

- D. Review of NASBA/AICPA matters:
  - 1. NASBA dates of interest:
    - a. Western Regional Meeting, June 25-27, 2024, Omaha, NE
    - b. 117<sup>th</sup> Annual Meeting, October 27-30, 2024, Orlando, FL
  - 2. NASBA vice-chair nomination letter in support of J. Coalter Baker, CPA
  - 3. AICPA committee assignment Jeannette P. Smith, CPA
- E. Review of general correspondence
- F. Proposed annual evaluation of the executive director
- G. Agency Strategic Plan FY 2025-2029 draft

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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
---

A. Review and possible action on the Board's proposed 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.

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TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

Financial Overview

For the 7 Months Ending March 31, 2024

Annual Budget						
	Actual	Annual Budget	Variance	Percent Remaining	Target	Variance
Revenues - YTD	\$ 4,911,895	\$ 7,915,233	\$ 3,003,338	37.94%	41.67%	3.72%
Expenditures - YTD	\$ (3,551,822)	\$ (7,133,388)	\$ 3,581,566	50.21%	41.67%	8.54%
Net - YTD	1,360,073	781,845	\$ 578,228	-73.96%	41.67%	115.62%
Transfer Out - SDSI annual payment	\$ (410,284)	\$ (703,344)	\$ (293,060)	41.67%	41.67%	0.00%
Net Increase/(Reduction) in Fund Balance	\$ 949,789	\$ 78,501	\$ 871,288	-1109.9%	41.67%	-1151.57%
<p><b>Revenues:</b> See <i>Revenue Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> <li>● Revenue collected over budget by 3.72%                             <ul style="list-style-type: none"> <li>➔ Sponsor, firm, and other collections revenues are over budget - see Revenue Budget Report</li> </ul> </li> </ul> <p><b>Expenditures:</b> See <i>Expenditure Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> <li>● Expenditures under budget by 8.54%                             <ul style="list-style-type: none"> <li>➔ See <i>Expenditure Budget Summary</i> for discussion of budget items.</li> </ul> </li> </ul>						

Revenues and Expenditures and Changes in Fund Balance				
	Current Year	Prior Year	Difference	% Difference
Beginning Fund Balance 9/01/2023	\$ 6,888,289	\$ 5,728,242		
Revenues	4,911,895	4,337,081	574,814	13.3%
Expenditures	(3,574,182)	(3,524,370)	49,813	1.4%
Other Financing Sources (Uses)	(410,992)	(411,792)	(799)	-0.2%
Ending Fund Balance 3/31/24	\$ 7,815,009	\$ 6,129,162		
net increase/(reduction) in FB	\$ 926,720	\$ 400,920		
Budgeted Ending Fund Balance	\$ 5,915,635	\$ 5,056,358		
* EXH II expenditures include FY 22 and 23 expenditures of \$22,360.40.				



TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Performance Measures  
For the 7 Months Ending March 31, 2024

Performance Measures:

	Sept. 23-Nov. 23	Dec. 23-Feb. 24	Mar. 24-May 24	June 24-Aug. 24				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD	Target	%	FY 23
<b>Exam Related Measures:</b>								
Individuals examined within one quarter	3,187	2,949			6,136	9,932	62%	9,488
Sections taken	4,250	3,412			7,662	13,903	55%	12,563
Average sections taken per individual per quarter	1.33	1.16			1.25	1.40	89%	1.32
<b>Licensing Related Measures:</b>								
Number of individuals licensed	78,206	78,506			not cumulative	78,490	100%	78,270
Number of business facilities licensed (firms) <sup>a</sup>	8,449	8,436			not cumulative	8,328	101%	8,509
<b>Peer Review Related Measures:</b>								
Number of accounting firms subject to peer review	1,837	1,802			not cumulative	1,700	106%	1,859
Number of Peer Reviews Conducted	118	186			304	566	54%	614
Percentage of accounting firms reviewed	6.4%	10.3%			16.5%	33%	50%	33.0%
Percentage of accounting firms receiving favorable review	85.6%	82.8%			83.9%	83.8%	100%	79.3%
Number of peer reviews examined by the Peer Review Oversight Board	118	186			304	566	54%	614
<b>Sponsor Review Program Related Measures:</b>								
Number of CPE Sponsors Reviewed	50	33			83	143	58%	116
Number of CPE Sponsors Subject to Review	442	430			not cumulative	418	103%	403
<b>Enforcement Related Measures:</b> <sup>b</sup>								
<b>Administrative:</b>								
Open violations, beginning	1,384	1,085			1,384			1,387
Violations opened	755	789			1,544			4,935
Violations closed	(1,047)	(554)			(1,601)			(4,909)
Previous quarter adjustment	(7)	-			(7)			(29)
Open violations, ending	1,085	1,320			1,320			1,384
Average time for complaint resolution (days)	136.2	146.4			139.8	125.1	112%	117.3
<b>Disciplinary:</b>								
Open violations, beginning	406	408			406			344
Violations opened	193	152			345			443
Violations closed	(187)	(112)			(299)			(277)
Previous quarter adjustment	(4)	2			(2)			(104)
Open violations, ending	408	450		-	450			406
Average time for complaint resolution (days)	156.0	77.7			127.5	207.9	61%	265.2

<sup>a</sup> 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.

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

Texas State Board of Public Accountancy  
Revenue Budget Report  
From September 1, 2023 - March 31, 2024

Account Title	Current Month's Revenue	YTD Revenue	Total Budget	Variance	% Budget Remaining	Versus Target
						41.67% F (U)
<b>CPA License</b>	\$ 435,264.75	\$ 3,421,104.00	\$ 5,738,522.09	2,317,418.09	40.4%	1.3%
<b>CPE Sponsor Review</b>	10,700.00	155,500.00	206,735.74	51,235.74	24.8%	16.9%
<b>Firm Office License</b>	63,581.60	569,000.75	816,352.28	247,351.53	30.3%	11.4%
<b>Late Payment Fees</b>	28,905.00	231,794.56	364,078.28	132,283.72	36.3%	5.3%
Application of Intent - Evaluation Fee	5,040.00	46,340.00	73,691.10	27,351.10	37.1%	4.6%
Transfer of Credit IN	200.00	1,900.00	4,057.03	2,157.03	53.2%	-11.5%
Exam Eligibility Fee - AUD	3,585.00	37,530.00	61,807.83	24,277.83	39.3%	2.4%
Exam Eligibility Fee - FAR	4,740.00	39,000.00	55,676.98	16,676.98	30.0%	11.7%
Exam Eligibility Fee - REG	3,870.00	31,095.00	59,909.09	28,814.09	48.1%	-6.4%
Exam Eligibility Fee - BEC	0.00	36,015.00	22,646.64	(13,368.36)	-59.0%	100.7%
Exam Eligibility Fee - BAR	930.00	3,165.00	15,097.76	11,932.76	79.0%	-37.4%
Exam Eligibility Fee - ISC	1,035.00	3,075.00	15,097.76	12,022.76	79.6%	-38.0%
Exam Eligibility Fee - TCP	600.00	3,045.00	15,097.76	12,052.76	79.8%	-38.2%
<b>Exam Fees</b>	20,000.00	201,165.00	323,081.95	121,916.95	37.7%	3.9%
Certificate Fee	3,050.00	46,500.00	92,726.20	46,226.20	49.9%	-8.2%
Reciprocal Registration	4,100.00	34,500.00	73,850.29	39,350.29	53.3%	-11.6%
Temporary Practice	0.00	1,550.00	0.00	(1,550.00)	N/A	N/A
Direct Administrative Costs - Enforcement	786.52	16,225.50	41,829.28	25,603.78	61.2%	-19.5%
Voided Warrants	0.00	0.00	0.00	0.00	N/A	N/A
Transfer of Credit - OUT	800.00	5,080.00	9,147.07	4,067.07	44.5%	-2.8%
Interest Income	30,972.31	202,202.95	200,000.00	(2,202.95)	-1.1%	42.8%
Interest on Judgments	0.00	0.00	0.00	0.00	N/A	N/A
Sales of Lists/Miscellaneous Copies/NSF Fees/Other	15.00	63.00	1,112.00	1,049.00	94.3%	-52.7%
Lettering of Replacement CPA Certificate	150.00	850.00	3,390.90	2,540.90	74.9%	-33.3%
AICPA Regrades	0.00	520.00	0.00	(520.00)	N/A	N/A
Reimbursements - 3rd Party (Reimbursements from TBAE IAC)	3,691.31	25,839.17	44,406.60	18,567.43	N/A	N/A
<b>Other Collections</b>	43,565.14	333,330.62	466,462.34	133,131.72	28.5%	13.1%
<b>Total Revenue</b>	\$ 602,016.49	\$ 4,911,894.93	\$ 7,915,232.68	\$ 3,003,337.75	37.9%	3.72%

Texas State Board of Public Accountancy  
Expenditure Budget Report  
From September 1, 2023 - March 31, 2024

Account Title		Current Month's Expenditures	YTD Expenditures	YTD Encumbrances	Total Budget	Budget Remaining	% Budget Remaining	% Variance vs. Target	\$ Variance vs. Target
								41.7% F (U)	
F0410	Debt Service - Interest	2,609.77	19,792.42	0.00	33,107.82	13,315.40	40.22%	-1.45%	(479.53)
L1001	Sal & Wages - Comp. Per Diem	100.00	1,000.00	0.00	18,900.00	17,900.00	94.71%	53.04%	10,025.00
S&W	Salaries & Wages	263,602.42	1,936,104.97	0.00	3,727,653.28	1,791,548.31	48.06%	6.39%	238,359.44
M9000	Payroll Related Costs (IC)	87,054.76	625,252.86	0.00	1,051,473.76	426,220.90	40.54%	-1.13%	(11,893.17)
N2004	Prof Fees - Court Reporters	0.00	0.00	0.00	1,241.60	1,241.60	100.00%	58.33%	724.27
N2005	Prof Fees-Legal Svcs-OAG & OLC	0.00	2,940.00	0.00	262,500.00	259,560.00	98.88%	57.21%	150,185.00
N2007	Prof Fees - FIN/Acctg. Svcs.	0.00	0.00	0.00	34,545.42	34,545.42	100.00%	58.33%	20,151.50
N2008	Prof Fees - Expert Witnesses	0.00	12,461.50	0.00	263,245.91	250,784.41	95.27%	53.60%	141,098.61
N2009	Prof Fees - PROB	3,020.00	25,833.38	0.00	54,289.99	28,456.61	52.42%	10.75%	5,835.78
N2010	Prof Fees - SOAH	0.00	15,626.52	0.00	42,000.00	26,373.48	62.79%	21.13%	8,873.48
N2011	Prof Fees - Computer	9,153.40	62,676.32	0.00	224,562.36	161,886.04	72.09%	30.42%	68,318.39
N2019	Prof Fees - Other	0.00	2,675.00	0.00	3,675.00	1,000.00	27.21%	-14.46%	(531.25)
N2022	PF - SRP - Review	1,000.00	12,749.75	0.00	9,059.79	(3,689.96)	-40.73%	A -82.40%	(7,464.87)
P2001	Travel-In State-Board Mbrs.	322.55	2,533.24	0.00	36,749.98	34,216.74	93.11%	51.44%	18,904.25
P2002	Travel-In State-Employees	377.72	1,561.88	0.00	4,492.11	2,930.23	65.23%	23.56%	1,058.52
P2003	Travel-In State-Adv Comm Mbrs	0.00	0.00	0.00	3,126.84	3,126.84	100.00%	58.33%	1,823.99
P2021	Travel-Out-of-State-Bd. Mbrs.	0.00	1,711.08	0.00	9,144.33	7,433.25	81.29%	39.62%	3,623.11
P2022	Travel-Out-of-State-Employees	3,871.49	8,483.20	0.00	10,275.40	1,792.20	17.44%	-24.23%	(2,489.22)
Q2001	Material & Supplies	6,973.33	73,180.35	0.00	67,630.61	(5,549.74)	-8.21%	B -49.87%	(33,729.16)
Q2005	Matls/Supp - Office Meter Post	0.00	30,000.00	0.00	63,087.25	33,087.25	52.45%	10.78%	6,800.90
Q2006	Matls/Supp - Bulk Rate Postage	(1,279.06)	(1,279.06)	0.00	1,000.00	2,279.06	227.91%	186.24%	1,862.39
Q2009	Matls/Suppl - Other Postage	0.00	0.00	0.00	300.00	300.00	100.00%	58.33%	175.00
R2001	Communication & Utilities	5,888.67	41,542.57	0.00	75,600.00	34,057.43	45.05%	3.38%	2,557.43
S2001	Repairs & Maint-Annual Conts.	0.00	59,174.20	0.00	91,284.79	32,110.59	35.18%	C -6.49%	(5,924.74)
S2005	Repairs & Maintenance - Other	2,361.56	22,049.61	0.00	9,895.60	(12,154.01)	-122.82%	D -164.49%	(16,277.18)
T2001	Rentals & Leases-Furn/Eqpt	4,246.00	17,074.45	0.00	31,243.73	14,169.28	45.35%	3.68%	1,151.06
T2004	Rentals & Leases-Furn/Eqpt SIC	0.00	4,086.50	0.00	13,125.00	9,038.50	68.86%	27.20%	3,569.75
T2013	Rental & Leases-Other Space	1,009.55	7,331.43	0.00	12,078.60	4,747.17	39.30%	-2.36%	(285.58)
T2015	Rental & Leases - SIC	0.00	5,559.00	0.00	12,600.00	7,041.00	55.88%	14.21%	1,791.00
T2019	Debt Service Principal - RTU Lease	27,475.35	190,817.87	0.00	328,817.62	137,999.75	41.97%	0.30%	992.41
U2001	Printing & Reproduction	(2,081.97)	4,173.62	0.00	56,989.18	52,815.56	92.68%	51.01%	29,070.07
U2002	Printing of Board Report	2,172.47	3,889.26	0.00	12,172.49	8,283.23	68.05%	26.38%	3,211.36
W2001	OOE - Membership Fees	290.00	6,790.00	0.00	10,681.00	3,891.00	36.43%	-5.24%	(559.42)
W2003	OOE - Registration Fees	0.00	8,564.00	0.00	15,217.31	6,653.31	43.72%	2.06%	312.76
W2005	OOE - Temporary Support Svcs	4,664.10	34,084.77	0.00	50,000.00	15,915.23	31.83%	-9.84%	(4,918.10)
W2007	OOE - Freight/Delivery Svc.	101.91	677.09	0.00	2,655.34	1,978.25	74.50%	32.83%	871.86
W2009	OOE - Convention Center Labor	0.00	1,530.00	0.00	4,200.00	2,670.00	63.57%	21.90%	920.00
W2013	OOE - Employee Awards	0.00	113.59	0.00	1,241.58	1,127.99	90.85%	49.18%	610.67
W2014	OOE - Witness Fees & Invest Cost	0.00	0.00	0.00	2,000.00	2,000.00	100.00%	58.33%	1,166.67
W2020	OOE - Other Fees & Charges	854.73	42,334.85	0.00	60,966.87	18,632.02	30.56%	E -11.11%	(6,770.84)
W2021	OOE - TX Online Processing Fees	15,857.13	117,799.63	0.00	190,182.91	72,383.28	38.06%	-3.61%	(6,859.60)
W2027	OOE - Statewide Cost Alloc. (IC)	2,017.25	14,120.75	0.00	24,206.98	10,086.23	41.67%	0.00%	(0.01)
W2028	OOE - SORM Assessments	0.00	2,552.42	0.00	8,974.35	6,421.93	71.56%	29.89%	2,682.62
W2029	PUB - Public Assistance Pymts	0.00	134,253.00	0.00	140,965.65	6,712.65	4.76%	F -36.90%	(52,023.04)
X5005	Capital Outlay-Computer	0.00	0.00	0.00	56,227.49	56,227.49	100.00%	58.33%	32,799.37
Report Total		\$ 441,663.13	\$ 3,551,822.02	\$ -	\$ 7,133,387.94	3,581,565.92	50.21%	8.54%	

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Budget Variance Explanations  
For the 7 Months Ending March 31, 2024

Ref.	Budget Item	Budget	Actual	Difference	Explanation	
	Operating Budget	\$ 7,133,388	\$ 3,551,822	\$ 3,581,565.92	50.21%	budget remaining versus 41.7% target level
A	PF - SRP - Review	\$ 9,060	\$ 12,749.75	\$ (3,689.96)	-40.73%	Variance due to decreased in-house reviews following a retirement and permanent staff reduction. In-house reviews increased after the first quarter, and expenditures for outsourced reviews are expected to stay low for the remainder of the year.
B	Material & Supplies	\$ 67,631	\$ 73,180.35	\$ (5,549.74)	-8.21%	Variance due to purchases of a cubicle/desk and computer equipment, such as APC Back-UPS, and desktop upgrades. This also includes annual contracts paid early in the year.
C	Repairs & Maint-Annual Conts.	\$ 91,285	\$ 59,174.20	\$ 32,110.59	35.18%	Variance due to annual contracts paid early in the year.
D	Repairs & Maintenance - Other	\$ 9,896	\$ 22,049.61	\$ (12,154.01)	-122.82%	Variance due to construction of a copy room.
E	OOE - Other Fees & Charges	\$ 60,967	\$ 42,334.85	\$ 18,632.02	30.56%	Variance due to annual insurance premiums paid early in the year.
F	PUB - Public Assistance Pymts	\$ 140,966	\$ 134,253.00	\$ 6,712.65	4.76%	The public assistance payment is a one-time payment at the beginning of the year.

**Texas State Board of Public Accountancy**  
**Exhibit A-1 - Balance Sheet - All General and Consolidated Funds**  
March 31, 2024

	Scholarship Fund		Operating Fund	
	(1000)	(0858)	(1009)	Total
	U/F (1002)	U/F (7106, 6106)	U/F (1009, 2858)	(EXH I)
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents:				
Cash on Hand	\$ 4,250.00	\$ 240.00	\$ 10,231.32	\$ 14,721.32
Cash in Bank - Treasury Safekeeping Trust	\$ 300.00	160.00	36,484.15	36,944.15
Cash in State Treasury	\$ -	21,571.83	1,253,640.50	1,275,212.33
Repurchase Agreement - Treasury Safekeeping Trust	\$ 119,368.19	963,369.89	6,926,442.32	8,009,180.40
Accounts Receivable		-	1,120.00	1,120.00
Due From Other Funds		-	-	-
Prepaid Item		-	-	-
Consumable Inventories		-	-	-
Total Current Assets	123,918.19	985,341.72	8,227,918.29	9,337,178.20
Non-Current Assets:				
Non-Current Refundable Deposits			37,009.76	37,009.76
Total Noncurrent Assets			37,009.76	37,009.76
Total Assets	\$ 123,918.19	\$ 985,341.72	\$ 8,264,928.05	\$ 9,374,187.96
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ -	\$ -	\$ 60,397.24	\$ 60,397.24
Payroll Payable		-	330,507.70	330,507.70
Refunds Payable		-	401.70	401.70
Due To Other Funds	\$ -	-	58,612.00	58,612.00
Funds Held for Others	\$ 123,918.19	-	-	123,918.19
Total Current Liabilities	123,918.19	-	449,918.64	573,836.83
Non-Current Liabilities:				
Interfund Payables				-
Total Non-Current Liabilities	-	-	-	-
Total Liabilities	123,918.19	-	449,918.64	573,836.83
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable				-
Committed:				-
Board Policy Reserve			2,836,691.00	2,836,691.00
Board Policy Contingency Fund			2,250,000.00	2,250,000.00
Other		985,341.72	2,728,318.41	3,713,660.13
Total Fund Balances	-	985,341.72	7,815,009.41	8,800,351.13
Total Liabilities and Fund Balances	\$ 123,918.19	\$ 985,341.72	\$ 8,264,928.05	\$ 9,374,187.96

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 7 Months Ending March 31, 2024

	General Revenue			Memorandum Only				
	(0858)	(1009)	Total	(0858)	(1009)	Total FY 23	Difference	
	U/F (7106, 6106)	U/F (1009, 2858)	(EXH II)	U/F (6106,7106) FY 23	U/F (1009,2858) FY 23			
REVENUES								
Federal Grant Pass-through Revenue (GR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses, Fees & Permits :								
Licenses, Fees	\$ 383,397.62	4,460,009.31	\$ 4,843,406.93	387,695.87	4,015,980.67	4,403,676.54	439,730.39	A
Exam Fees	-	201,165.00	201,165.00	-	163,745.00	163,745.00	37,420.00	B
Other License, Fees & Permits	-	5,080.00	5,080.00	-	6,111.00	6,111.00	(1,031.00)	
Sales of Goods and Services	-	-	-	-	-	-	-	
Interest and Investment Income	31,528.63	202,202.95	233,731.58	21,878.40	95,031.32	116,909.72	116,821.86	C
Other	22,392.20	43,437.67	65,829.87	9,923.38	56,212.95	66,136.33	(306.46)	
Total Revenues	437,318.45	4,911,894.93	5,349,213.38	419,497.65	4,337,080.94	4,756,578.59	592,634.79	
EXPENDITURES								
Salaries and Wages	-	1,949,816.66	1,949,816.66	-	1,870,843.44	1,870,843.44	78,973.22	
Payroll Related Costs	-	626,225.31	626,225.31	-	603,876.27	603,876.27	22,349.04	
Professional Fees and Services	-	135,202.47	135,202.47	-	139,537.38	139,537.38	(4,334.91)	
Travel	-	15,334.42	15,334.42	-	16,381.67	16,381.67	(1,047.25)	
Materials and Supplies	-	101,901.29	101,901.29	-	110,782.42	110,782.42	(8,881.13)	D
Communication and Utilities	-	41,592.23	41,592.23	-	39,164.95	39,164.95	2,427.28	
Repairs and Maintenance	-	81,223.81	81,223.81	-	40,705.39	40,705.39	40,518.42	E
Rentals & Leases	-	34,336.06	34,336.06	-	36,037.77	36,037.77	(1,701.71)	
Printing and Reproduction	-	10,285.20	10,285.20	-	6,691.53	6,691.53	3,593.67	
Claims and Judgments	-	-	-	-	-	-	-	
Other Expenditures	-	233,416.13	233,416.13	-	321,526.18	321,526.18	(88,110.05)	F
State Pass Through Expenditures	419,736.97	-	419,736.97	397,796.00	-	397,796.00	21,940.97	
Intergovernmental Payments	243,444.00	-	243,444.00	174,759.00	-	174,759.00	68,685.00	
Public Assistance Payments	-	134,253.00	134,253.00	-	134,253.00	134,253.00	-	
Debt Service:								
Principal	-	190,817.87	190,817.87	-	182,488.27	182,488.27	8,329.60	
Interest	-	19,777.97	19,777.97	-	22,081.48	22,081.48	(2,303.51)	
Amortization	-	-	-	-	-	-	-	
Capital Outlay	-	-	-	-	-	-	-	
Depreciation Expense	-	-	-	-	-	-	-	
Total Expenditures/Expenses	663,180.97	3,574,182.42	4,237,363.39	572,555.00	3,524,369.75	4,096,924.75	140,438.64	
Excess (Deficiency) of Revenues								
Over Expenditures	(225,862.52)	1,337,712.51	1,111,849.99	(153,057.35)	812,711.19	659,653.84	452,196.15	
OTHER FINANCING SOURCES (USES)								
Sale of Capital Assets	-	-	-	-	-	-	-	
Net Change in Reserve for Inventories	-	-	-	-	-	-	-	
Sale of Capital Assets	-	-	-	-	-	-	-	
Transfers In (Note 1.F.)	684,762.80	4,804,811.60	5,489,574.40	(10,070.00)	5,336,197.13	5,326,127.13	163,447.27	
Transfers Out (Note 1.F.)	(684,772.80)	(5,215,803.90)	(5,900,576.70)	10,000.00	(5,747,988.63)	(5,737,988.63)	(162,588.07)	
Gain (Loss) on Sale of Capital Assets	-	-	-	-	0.00	-	-	
Total Other Financing Sources and Uses	(10.00)	(410,992.30)	(411,002.30)	(70.00)	(411,791.50)	(411,861.50)	859.20	
SPECIAL ITEMS								
							-	
EXTRAORDINARY ITEMS								
			-				-	
Net Change in Fund Balances	(225,872.52)	926,720.21	700,847.69	(153,127.35)	400,919.69	247,792.34	453,055.35	
FUND FINANCIAL STATEMENT-FUND BALANCES								
Fund Balances--Beginning	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	
	-	-	-	-	-	-	-	
Fund Balances, 9/1/2023 as Restated	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	
Appropriations Lapsed	-	-	-	-	-	-	-	
Fund Balances-- March 31, 2024	\$ 985,341.72	\$ 7,815,009.41	\$ 8,800,351.13	\$ 1,065,494.82	\$ 6,129,161.88	\$ 7,194,656.70	\$ 1,605,694.43	

A License Fees are higher due to the individual licensee fee increase from \$75 to \$87.

B Exam fee revenues are higher due to an increase in YTD exam eligibility fees and AOI fees received, presumably as a result of the 2024 exam change.

C Interest Income is higher due to higher interest rates as well as a larger overnight repurchase agreement pool.

D Materials and Supplies are lower due to significantly lower postage; offset by the purchase of a cubicle and computer equipment.

E Repairs and Maintenance are higher due to higher software maintenance costs and leasehold improvements (construction of a copy room)

F Other Expenditures are lower due to a lower early SWCAP estimate based on last year's allocation accounting for the agency's move from a state-owned building.

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 7 Months Ending March 31, 2024

				ADMIN PENALTY	RTN CK FEES OVERPMT/INT	
				19160	37700	19920/31100
				STATUS	TOTAL	
BEGINNING BALANCE - September 1, 2023				\$6,474.80	\$9,927.60	\$69.57
ADD: Penalties Assessed \ Contributions:						
Trappio, Mark	Sep-23			425.60		425.60
Jackson, Leslie Louise	Oct-23			786.52	990.00	1,776.52
Fei Fei, Catherine Fang	Nov-23			778.79	1,000.00	1,778.79
Gramstad, John Ramon (01L)	Nov-23			935.20	2,500.00	3,435.20
Gramstad, John Ramon (13L)	Nov-23			778.79	1,000.00	1,778.79
Gardner, Edward Mitchell	Nov-23			778.79	1,000.00	1,778.79
Ernst & Young	Nov-23			4,171.00	3,000,000.00	3,004,171.00
Burgess, Shannon Scott	Dec-23			914.65	10,000.00	10,914.65
Chesebro, Richard Francis	Dec-23			3,852.62		3,852.62
Havard, Kathy	Feb-24			700.58		700.58
Cascos, Carlos Humberto	Feb-24			697.11		697.11
Haynes, Jerry Charles	Feb-24			931.93	6,500.00	7,431.93
Insogna, Charles Angelo Chase	Feb-24				500.00	500.00
Ferguson, Nathan Edward	Mar-24			786.52	2,500.00	3,286.52
TOTAL PENALTIES ASSESSED \ CONTRIBUTIONS				16,538.10	3,025,990.00	0.00
LESS: Payments Received:						
Trappio, Mark	Sep-23	PIF	(425.60)			(425.60)
Perry, Coe Marcus	Oct-23	PP		(1,050.00)		(1,050.00)
Houston, Charles	Oct-23	PP		(250.00)		(250.00)
Jackson, Leslie Louise	Oct-23	PIF	(786.52)	(990.00)		(1,776.52)
Houston, Charles	Nov-23	PP		(250.00)		(250.00)
Fei Fei, Catherine Fang	Nov-23	PIF	(778.79)	(1,000.00)		(1,778.79)
Gramstad, John Ramon (01L)	Nov-23	PIF	(935.20)	(2,500.00)		(3,435.20)
Gramstad, John Ramon (13L)	Nov-23	PIF	(778.79)	(1,000.00)		(1,778.79)
Gardner, Edward Mitchell	Nov-23	PIF	(778.79)	(1,000.00)		(1,778.79)
Ernst & Young	Nov-23	PIF	(4,171.00)	(3,000,000.00)		(3,004,171.00)
Fleming, Douglas	Nov-23	PP		(900.00)		(900.00)
Houston, Charles	Dec-23	PP		(250.00)		(250.00)
Fleming, Douglas	Dec-23	PIF		(677.95)		(677.95)
Burgess, Shannon Scott	Dec-23	PIF	(914.65)	(10,000.00)		(10,914.65)
Chesebro, Richard Francis	Dec-23	PIF	(3,852.62)			(3,852.62)
Perry, Coe Marcus	Dec-23	PP		(750.00)		(750.00)
Houston, Charles	Jan-24	PP		(250.00)		(250.00)
Kathy Havard	Feb-24	PIF	(700.58)			(700.58)
Cascos, Carlos Humberto	Feb-24	PIF	(697.11)			(697.11)
Haynes, Jerry Charles	Feb-24	PIF	(619.33)			(619.33)
Perry, Coe Marcus	Feb-24	PP		(750.00)		(750.00)
Insogna, Charles Angelo Chase	Feb-24	PIF		(500.00)		(500.00)
Houston, Charles	Mar-24	PP		(250.00)		(250.00)
Perry, Coe Marcus	Mar-24	PP		(750.00)		(750.00)
Ferguson, Nathan Edward	Mar-24	PIF	(786.52)	(2,500.00)		(3,286.52)
TOTAL PAYMENTS RECEIVED				(16,225.50)	(3,025,617.95)	0.00
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 - March 31, 2024				\$6,787.40	\$10,299.65	\$69.57
						\$17,156.62

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

<sup>1</sup>Note: Full reinstatement for payment after referral to the OAG

**Texas State Board of Public Accountancy**  
**Accounting Student Scholarship Payments FY 24**  
**State Universities**

For the 7 Months Ending March 31, 2024

	FY 2024
<b>BEGINNING FUND BALANCE - September 1, 2023</b>	<b>\$ 1,211,214.24</b>
<b>Total Scholarship Fund Revenue</b>	<b>\$ 437,318.45</b>
<b>State Pass Through Expenditures (EXH A-2)</b>	
State University Payments:	
Angelo State University	\$ 7,800.00
Tarleton State University	\$ 16,300.00
Texas A&M University	\$ 63,200.00
Texas A&M University - Corpus Christi	\$ 9,000.00
Texas A&M University - San Antonio	\$ 1,000.00
Texas State University - San Marcos	\$ 27,365.97
Texas Tech University	\$ 24,000.00
Texas Woman's University	\$ 11,700.00
University of Houston	\$ 71,900.00
University of Houston - Clear Lake	\$ 14,000.00
University of Houston - Downtown	\$ 15,000.00
University of North Texas at Dallas	\$ 6,000.00
University of Texas at Arlington	\$ 7,884.00
University of Texas at Austin	\$ 54,700.00
University of Texas at Dallas	\$ 36,000.00
University of Texas at El Paso	\$ 12,000.00
University of Texas at San Antonio	\$ 9,000.00
University of Texas Rio Grande Valley	\$ 10,587.00
University of Texas at Tyler	\$ 6,000.00
<b>Total State University Payments</b>	<b>\$ 419,736.97</b>
State University Refunds:	
<b>Total State University Refunds</b>	<b>-</b>
<b>State Pass Through Expenditures (EXH A-2)</b>	<b>\$ 419,736.97</b>
<b>Intergovernmental Payments (EXH A-2)</b>	
Junior College/ Private University Payments:	
Austin Community College	\$ 6,750.00
Baylor University	\$ 45,200.00
Dallas Baptist University	\$ 15,200.00
Dallas County Community College District	\$ 4,760.00
Houston Baptist University	\$ 6,000.00
Houston Community College System	\$ 6,000.00
Letourneau University	\$ 10,000.00
Lone Star College System	\$ 6,000.00
Lubbock Christian University	\$ 11,400.00
Our Lady of the Lake - San Antonio	\$ 3,000.00
Southern Methodist University	\$ 38,800.00
Texas Christian University	\$ 42,000.00
Texas Lutheran University	\$ 7,134.00
Texas Wesleyan University	\$ 8,400.00
Trinity University	\$ 10,500.00
University of Dallas	\$ 7,300.00
University of the Incarnate Word	\$ 11,000.00
Wayland Baptist University	\$ 4,000.00
<b>Total Junior College/ Private University Payments:</b>	<b>\$ 243,444.00</b>



**Texas State Board of Public Accountancy**  
**Accounting Student Scholarship Payments FY 24**  
**State Universities**

For the 7 Months Ending March 31, 2024

	FY 2024
Junior College/ Private Univ. Refunds:	
Total Junior College/ Private University Refunds:	\$ -
<b>Intergovernmental Payments (EXH. A-2)</b>	<b>243,444.00</b>
<b>Other Financing Sources/Uses</b>	
Transfers In	684,762.80
Transfers Out	(684,772.80)
<b>Total Other Financing Sources/Uses (EXH. A-2)</b>	<b>\$ (10.00)</b>
<b>ENDING FUND BALANCE - March 31, 2024</b>	<b>\$ 985,341.72</b>

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**  
Professional Fee and Legal Contracts

		FY 2024			FY 24 Hourly Rate
Contract Number	Contractor	Contract Term	Budget	Contract Amount	
<b>TSR CONSULTANTS</b>			\$ 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	
<b>PEER REVIEW CONSULTANTS</b>			\$ 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	
<b>OFFICE OF THE ATTORNEY GENERAL</b>			\$ 15,000		
C-00688	Office of the Attorney General	09/01/23-08/31/24		\$15,000	
	Unallocated Budget		-		
	Total			\$15,000	
<b>STATE OFFICE OF ADMIN HEARINGS</b>			\$ 42,000		
360-24-457	SOAH	09/01/23-08/31/25		\$15,627	*
	Unallocated Budget		26,373		
	Total			\$15,627	
<b>OAG Contracts: INDEPENDENT CONSULTANT CONTRACTS (SOAH Litigation)</b>			\$ 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	
<b>INTERNAL AUDIT</b>			\$ 34,545		
	To be determined				
	Unallocated Budget		34,545		
	Total			\$0	
<b>Total Budget</b>			\$ 656,581		
<b>Total Contracts</b>				\$279,827	
<b>Total Unallocated Budget</b>			\$ 376,754		

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

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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
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B. Proposed Budget Plan for Fiscal Year 2025

**DICUSSION:** Ms. Espinoza-Riley, Treasurer, will discuss the Board's Proposed Budget Plan for Fiscal Year 2025

**RECOMMENNDATION:** None by staff

**SUGGESTED MOTION:** None by staff

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TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Operating Budget Projections 2024-2028

ACTUAL			PROJECTED						
Revenue factors			1.768%	0.341%	0.536%	-0.232%	-0.232%	-0.232%	-0.232%
Change Fee Amounts Here	Exp. factors	2.00%	5.00%	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
License Fee	\$ 65	\$ 60	\$ 75	\$ 87	\$ 100	\$ 120	\$ 128	\$ 128	\$ 116
Retired/Disabled Fee	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Firm License Fee	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Firm Organizaton Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 - 5	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
6 - 9	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
10 - 49	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
50 +	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Exam Application of Intent Fee	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Exam Section Fee (per part)	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15

	FY 21 Actual	FY 22 Actual	FY 23 Actual	FY 24 Budget <sup>1</sup>	FY 25 Budget <sup>2</sup>	FY 26 Budget <sup>2</sup>	FY 27 Budget <sup>2</sup>	FY 28 Budget <sup>2</sup>	FY 29 Budget <sup>2</sup>
Estimated Revenue	\$ 6,691,684	\$ 6,333,325	\$ 7,532,542	\$ 7,915,233	\$ 9,020,406	\$ 10,309,817	\$ 10,806,361	\$ 10,774,702	\$ 9,857,325
Estimated Expenditures	\$ (5,152,896)	(8,896,229)	(5,669,151)	(7,152,713)	(8,019,403)	(10,456,554)	(12,730,794)	(11,335,419)	(9,605,730)
Adj for GASB 87/96 Implementation		3,367,839					1,436,601		
Excess (Deficiency) Revenues									
Over Expenditures	1,538,787	804,935	1,863,391	762,519	1,001,003	(146,736)	(487,832)	(560,717)	251,595
Adjustment for Revised Estimates									
Estimated Transfers Out	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)
Current Year Surplus/Deficit	835,443	101,591	1,160,047	59,175	297,659	(850,080)	(1,191,176)	(1,264,061)	(451,749)
Beginning Fund Balance	4,791,208	5,626,651	5,728,242	6,888,289	6,947,464	7,245,123	6,395,043	5,203,867	3,939,806
Ending Fund Balance	5,626,651	5,728,242	6,888,289	6,947,464	7,245,123	6,395,043	5,203,867	3,939,806	3,488,057
Board Policy Estimated Fund Balance	2,341,568	2,435,441	2,470,632	2,841,522	3,058,195	3,667,482	3,876,892	3,887,199	3,454,777
Board-Designated Contingency Fund				2,250,000	3,750,000	2,500,000	1,000,000	-	-
Surplus/Defict over Board Policy	3,285,083	3,292,800	4,417,657	1,855,942	436,928	227,560	326,975	52,608	33,281
Ending Fund Balance	5,626,651	5,728,242	6,888,289	6,947,464	7,245,123	6,395,043	5,203,867	3,939,806	3,488,057
Proof - Must Equal Zero	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Estimated Fund Balance Reserve Based on 25% of Expenditures PLUS Transfer Out PLUS \$350,000 Enforcement Reserve (effective FY 2019):  
Effective FY 2024, an additional \$2.25 million to be designated as a reserve contingency fund\*:

Expenditures - estimated	\$ 5,152,896	\$ 5,528,390	\$ 5,669,151	\$ 7,152,713	\$ 8,019,403	\$ 10,456,554	\$ 11,294,193	\$ 11,335,419	\$ 9,605,730
3 month Operating Reserve	\$ 1,288,224	\$ 1,382,097	\$ 1,417,288	\$ 1,788,178	\$ 2,004,851	\$ 2,614,138	\$ 2,823,548	\$ 2,833,855	\$ 2,401,433
Board Reserve - Contingency Fund				\$ 2,250,000	\$ 3,750,000	\$ 2,500,000	\$ 1,000,000	\$ -	\$ -
Enforcement Reserve	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Transfer Out (beginning FY 2019)	703,344	703,344	703,344	703,344	703,344	703,344	703,344	703,344	703,344
Total Reserve	\$ 2,341,568	\$ 2,435,441	\$ 2,470,632	\$ 5,091,522	\$ 6,808,195	\$ 6,167,482	\$ 4,876,892	\$ 3,887,199	\$ 3,454,777
Fund Balance Reserve Surplus/Deficit	\$ 3,285,083	\$ 3,292,800	\$ 4,417,657	\$ 1,855,942	\$ 436,928	\$ 227,560	\$ 326,975	\$ 52,608	\$ 33,281
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029

<sup>1</sup> Budget as approved

<sup>2</sup> Proposed Budget - not approved

\* Reserve contingency fund purpose: major case litigation, unforeseen technology expenditures, and other unforeseen circumstances.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
PROJECTED COLLECTIONS

101%	For Prior Year estimates	Indiv. Licenses Firms Sponsors Exam Other	1.768%	0.341%	0.536%	-0.232%	-0.232%	-0.232%	-0.232%	
101.768%	Up to FY 2023 estimate		1.768%	-2.129%	-2.371%	-2.371%	-2.371%	-2.371%		
			1.768%	-6.270%	0.684%	0.684%	0.684%	0.684%		
			1.768%	5.000%	-4.762%	1.249%	1.249%	1.249%		
			1.768%	0.000%	0.000%	0.000%	0.000%	0.000%		
COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2021	FY 2022	FY 2023	FY 2024 Budget	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
		ACTUAL	ACTUAL	ACTUAL	Version 1	Version 1	Version 1	Version 1	Version 1	Version 1
OPERATING FUND REVENUE										
License, Fees & Permits		\$6,636,378	\$6,222,203	\$7,214,291	\$7,625,606	\$8,741,073	\$10,049,110	\$10,562,240	\$10,545,325	\$9,642,528
Sales of Goods and Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest and Investment Income		\$774	\$25,273	\$243,034	\$200,000	\$200,000	\$180,000	\$162,000	\$145,800	\$131,220
Other		\$54,531	\$85,849	\$75,216	\$89,627	\$79,333	\$80,707	\$82,122	\$83,577	\$83,577
TOTAL OPERATING FUND REVENUE		\$6,691,684	\$6,333,325	\$7,532,542	\$7,915,233	\$9,020,406	\$10,309,817	\$10,806,361	\$10,774,702	\$9,857,325
SCHOLARSHIP FUND REVENUE		695,901	674,329	669,176	678,936	676,368	674,799	673,234	671,672	670,113
TOTAL REVENUES		\$7,387,585	\$7,007,654	\$8,201,717	\$8,594,169	\$9,696,774	\$10,984,616	\$11,479,595	\$11,446,374	\$10,527,438

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**  
**Revenue**

COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 ACTUAL	FY 2024 Projection Version 1	FY 2025 Projection Version 1	FY 2026 Projection Version 1	FY 2027 Projection Version 1	FY 2028 Projection Version 1	FY 2029 Projection Version 1
<b>OPERATING FUND REVENUE:</b>										
<b>LICENSE, FEES &amp; PERMITS</b>										
3175 20005	REFUNDS PAYABLE									
11000	CPA LICENSE	4,620,096	4,274,525	5,190,264	4,978,326	5,937,335	6,800,774	8,122,466	8,648,594	8,549,589
	CPA LICENSE Temporary Increase				760,196	858,330	1,319,748	527,408	-	(788,732)
11001	CPA LIC REFUND		(98)	(943)	-	-	-	-	-	-
11050	CPA PENALTY	279,201	282,359	332,811	284,288	336,388	335,608	334,829	334,053	333,278
11051	CPA PEN REFUND			-	-	-	-	-	-	-
11100	PRACTICE UNITS	586,007	559,510	549,924	523,573.53	527,221	514,721	502,516.62	490,601.95	478,969.78
11101	PRACTICE UNIT REFUND	-	-	(60)	-	-	-	-	-	-
11103	PRACTICE UNIT - Out-of-State	-	5,500	5,420	-	-	-	-	-	-
11150	PRACTICE UNIT PEN	78,440	79,927	74,000	79,928	70,533	68,860	67,228	65,634	64,077
11151	PRAC UNIT PEN REFUND	-	-	(138)	-	-	-	-	-	-
11200	FIRM ORGANIZATION FEES	348,208	309,288	321,231	292,779	306,179	298,919	291,832	284,913	278,157
	FIRM ORG FEES - Out-of-State		29,218	29,735	-	28,342	27,670	27,014	26,373	25,748
12000	PUB ACCOUNTANT LIC	50	-	-	-	-	-	-	-	-
12010	CERTIFICATE FEE	85,750	84,201	79,851	92,832	72,427	73,332	74,248	75,175	76,114
12011	CERT FEE REFUND	(100)	-	(105)	-	-	-	-	-	-
15000	SECTION 14 LIC (Foreign Reg. 901.35)				Included with In-State CPA license fees					
16000	RECIP REG	58,360	64,400	64,000	74,052	64,688	64,538	64,388	64,239	64,090
16001	RECIP REG REFUND	(100)	(200)	(100)	(201)	(101)	(101)	(101)	(100)	(100)
17000	TEMPORARY PRACTICE				-	-	-	-	-	-
18999	PROFESSIONAL FEE PENALTY				-	-	-	-	-	-
17100	CPE SPONSOR FEE	251,000	232,665	240,850	206,736	231,141	232,732	234,337	235,956	237,590
17110	CPE ETHICS INSTRUCTOR FEE				-	-	-	-	-	-
17121	CPE SPONSOR FEE REFUND				-	-	-	-	-	-
24100	EVALUATION FEE (AOI)	73,520	63,921	67,960	73,691	62,385	63,165	63,953	64,752	65,561
24200	TRANSFER FEE-SOME SECTIONS									
24300	TRANSFER FEE-ALL SECTIONS									
24402	EXAM ELIGIBILITY FEE-AUD	62,380	57,225	57,270	61,808	59,929	60,677	61,435	62,202	62,979
24502	EXAM ELIGIBILITY FEE-BEC	54,840	46,860	77,805	67,940	-	-	-	-	-
24602	EXAM ELIGIBILITY FEE-FAR	71,815	68,895	63,105	55,677	72,150	73,051	73,964	74,887	75,823
24702	EXAM ELIGIBILITY FEE-REG	51,285	50,130	48,330	59,909	52,498	53,154	53,818	54,490	55,171
24512	EXAM ELIGIBILITY FEE-BAR				16,964	17,176	17,390	17,390	17,607	17,827
24522	EXAM ELIGIBILITY FEE-ISC				14,692	14,875	15,061	15,249	15,440	15,630
24532	EXAM ELIGIBILITY FEE-TCP				17,418	17,636	17,856	18,079	18,305	18,530
22090	OUT-OF-STATE PROCT.				-	-	-	-	-	-
22091	OUT-OF-ST PROC REFUND				-	-	-	-	-	-
24300	TRANSFER OF CREDIT IN (Q Div)	5,420	3,680	3,580	4,057	3,247	3,288	3,329	3,370	3,412
24301	TRANS OF CREDIT IN REFUND	-	-	-	-	-	-	-	-	-
23050	TRANSFER OF CREDIT OUT (L Div)	9,120	9,125	8,400	9,187	8,490	8,471	8,451	8,431	8,412
23051	TRANS OF CREDIT OUT REFUND		(40)		(40)	(40)	(40)	(40)	(40)	(40)
3719 31020	SALE OF LISTS	936	917	663	917	663	663	663	663	663
3719 31040	MISC COPIES	-	-	-	-	-	-	-	-	-
3719 31060	MISC COPIES REFUND	-	-	-	-	-	-	-	-	-
3775 31100	RETURN CHECK FEES	150	195	195	195	195	195	195	195	195
<b>TOTAL LICENSE, FEES &amp; PERMITS</b>		<b>\$6,636,378</b>	<b>\$6,222,203</b>	<b>\$7,214,291</b>	<b>\$7,625,606</b>	<b>\$8,741,073</b>	<b>\$10,049,110</b>	<b>\$10,562,240</b>	<b>\$10,545,325</b>	<b>\$9,642,528</b>
<b>SALES OF GOODS AND SERVICES</b>										
3752 39201	SALE OF PUBLICATIONS				-	-	-	-	-	-
3750 39050	SALE OF FURN & EQUIP				-	-	-	-	-	-
<b>TOTAL SALES OF GOODS AND SERVICES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INTEREST AND INVESTMENT INCOME</b>										
25000	TTSTF INTEREST	774	24,282	232,693	200,000	200,000	180,000	162,000	145,800	131,220
25001	DEPOSITORY INTEREST		-	-	-	-	-	-	-	-
25002	INTEREST ON JUDGMENTS		991	10,342	-	-	-	-	-	-
<b>TOTAL INTEREST AND INVESTMENT INCOME</b>		<b>774</b>	<b>25,273</b>	<b>243,034</b>	<b>200,000</b>	<b>200,000</b>	<b>180,000</b>	<b>162,000</b>	<b>145,800</b>	<b>131,220</b>
<b>OTHER</b>										
3802 19160	DAC-OTHER CASES	46,679	41,385	31,842	41,829	31,842	31,842	31,842	31,842	31,842
19900	OTHER MISC REV	4,282	-	(1,601)	-	-	-	-	-	-
19930	VOIDED WARRANTS		75	100						
32100	LETTERING OF CPA CERT	2,850	2,050	1,800	3,452	1,800	1,800	1,800	1,800	1,800
32111	LETTERING OF CPA CERT REFUND	-	-	(50)	(61)	(50)	(50)	(50)	(50)	(50)
34100	AICPA REGRADE (FY 13 to Ad Pen)	720	480	-	-	-	-	-	-	-
37250	REIMBURSEMENTS - 3rd PARTY		41,859	43,124	44,407	45,741	47,115	48,529	49,985	49,985
<b>TOTAL OTHER</b>		<b>\$ 54,531</b>	<b>\$ 85,849</b>	<b>\$ 75,216</b>	<b>\$ 89,627</b>	<b>\$ 79,333</b>	<b>\$ 80,707</b>	<b>\$ 82,122</b>	<b>\$ 83,577</b>	<b>\$ 83,577</b>
ADJUSTMENTS										
TRANSFER FROM FUND 106										
<b>TOTAL OPERATING FUND REVENUE</b>		<b>\$6,691,684</b>	<b>\$6,333,325</b>	<b>\$7,532,542</b>	<b>\$7,915,233</b>	<b>\$9,020,406</b>	<b>\$10,309,817</b>	<b>\$10,806,361</b>	<b>\$10,774,702</b>	<b>\$9,857,325</b>
<b>SCHOLARSHIP FUND REVENUE (Note A)</b>		<b>695,901</b>	<b>674,329</b>	<b>669,176</b>	<b>678,936</b>	<b>676,368</b>	<b>674,799</b>	<b>673,234</b>	<b>671,672</b>	<b>670,113</b>
<b>TOTAL REVENUE</b>		<b>\$ 7,387,585</b>	<b>\$ 7,007,654</b>	<b>\$ 8,201,717</b>	<b>\$ 8,594,169</b>	<b>\$ 9,696,774</b>	<b>\$ 10,984,616</b>	<b>\$ 11,479,595</b>	<b>\$ 11,446,374</b>	<b>\$ 10,527,438</b>
<b>OTHER FUNDS COLLECTED:</b>										
Transfer to General Revenue Fund:										
Professional Fee (\$200) (Note B)		19,150	50,277	32,348	45,822	33,925	33,925	33,925	33,925	33,925
Administrative Penalties (effective FY 14)		2,328,808	414,212	106,495	995,527	949,839	949,839	949,839	949,839	949,839
Total Transfers to General Revenue		<b>\$ 2,347,958</b>	<b>\$ 464,488</b>	<b>\$ 138,843</b>	<b>\$ 1,041,349</b>	<b>\$ 983,763</b>	<b>\$ 983,763</b>	<b>\$ 983,763</b>	<b>\$ 983,763</b>	<b>\$ 983,763</b>
<b>TOTAL REVENUE AND FUNDS COLLECTED</b>		<b>\$ 9,735,543</b>	<b>\$ 7,472,143</b>	<b>\$ 8,340,560</b>	<b>\$ 9,635,518</b>	<b>\$ 10,680,538</b>	<b>\$ 11,968,380</b>	<b>\$ 12,463,358</b>	<b>\$ 12,430,137</b>	<b>\$ 11,511,202</b>

Note B: The \$200 Professional Fee was eliminated by the 84th Legislature (2015) effective September 1, 2015.



TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Expenditure Budget - Operating Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
	Actual	Actual	Actual	Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1
	-0.05%	7.3%	2.5%	5.0%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>SALARIES AND WAGES</b>	\$ 2,751,401	2,948,018	3,099,484	\$ 3,679,393	\$ 3,888,622	\$ 4,109,723	\$ 4,323,564	\$ 4,381,951	\$ 4,620,319
<b>OTHER PERSONNEL COSTS:</b>									
L1001 S&W - Comp. Per Diem (7025)	9,430	11,200	8,600	18,900	12,780	13,227	13,690	14,170	14,666
L1002 S&W - Employees (Longevity - 7022)	43,580	42,620	42,560	44,260	46,252	47,871	49,546	51,281	53,075
L1002 S&W - Employees (Lump Sum Term Pay - 7023)	16,190	15,775	71,316	-	77,503	80,216	83,023	85,929	88,937
L2003 S&W - Employees (Benefit Replacement Pay)	3,984	3,984	2,187	4,000	2,187	2,187	2,187	2,187	2,187
M9000 Unemployment Compensation	-	-	2,596	-	-	-	-	-	-
V2001 Workers' Compensation	-	-	-	-	-	-	-	-	-
<b>TOTAL, OTHER PERSONNEL COSTS</b>	73,184	73,579	127,260	67,160	138,722	143,501	148,447	153,566	158,865
<b>PROFESSIONAL FEES AND SERVICES:</b>									
N2003 Prof Fees - FBI Background Checks (7253)	-	-	-	-	-	-	-	-	-
N2005 Prof Fees - Legal Services (OAG & Outside Legal)	50,999	93,966	34,582	262,500	271,688	281,197	291,038	301,225	311,768
N2021 Prof Fees - Legal Services (OAG Regular Cases)	-	-	-	-	-	-	-	-	-
N2010 Prof Fees - Legal Services (SOAH)	24,750	39,087	39,087	42,000	15,627	16,173	16,740	17,325	17,932
Prof Fees - Enforcement Reserve	-	-	-	-	-	-	-	-	-
N2007 Prof Fees - Financial & Acctg Services (7245)	-	-	-	34,545	35,755	37,006	38,301	39,642	41,029
N2008 Prof Fees - Expert Witnesses	16,654	27,817	8,173	263,246	272,460	281,996	291,865	302,081	312,654
N2009 Prof Fees - PROB (7253)	35,742	49,243	47,617	54,290	56,190	58,157	60,192	62,299	64,479
N2011 Prof Fees - Computer (7242, 7275) hosting/consulting	54,560	67,239	59,288	224,562	392,752	2,343,512	2,345,502	2,245,322	190,197
N2019 Prof Fees - Other	1,465	1,476	4,334	3,675	4,710	4,875	5,045	5,222	5,405
N2022 Prof Fees - Sponsor Review Program Reviews	18,347	8,218	16,625	9,060	21,000	21,735	22,496	23,283	24,098
W2005 OE - Temporary Support Services (7274)	-	-	54,375	50,000	100,000	103,500	107,123	110,872	114,752
<b>TOTAL, PROFESSIONAL FEES AND SERVICES</b>	202,517	287,044	264,081	943,878	1,170,180	3,148,150	3,178,303	3,107,270	1,082,313
<b>FUELS AND LUBRICANTS</b>	222	278	197	368	214	222	230	238	246
<b>CONSUMABLE SUPPLIES</b>	15,935	15,352	13,277	16,925	17,518	18,131	18,766	19,422	20,102
<b>UTILITIES</b>	-	-	-	-	-	-	-	-	-
<b>TRAVEL:</b>									
P2001 Travel - In-State - Board Members	246	4,175	8,832	36,750	19,197	19,869	20,564	21,284	22,029
P2002 Travel - In-State - Employees	43	1,682	1,926	4,492	4,649	4,812	4,980	5,155	5,335
P2003 Travel - In-State - Advisory Comm Mbrs	-	-	-	3,127	1,618	1,675	1,733	1,794	1,857
P2021 Travel - Out-of-State - Board Members	-	3,494	6,269	9,144	6,813	7,051	7,298	7,553	7,818
P2022 Travel - Out-of-State - Employees	-	4,599	10,216	10,275	11,102	11,490	11,893	12,309	12,740
P2023 Travel - Out-of-State - Advisory Comm Mbrs	-	-	-	-	-	-	-	-	-
<b>TOTAL, TRAVEL</b>	289	13,950	27,243	63,789	43,379	44,898	46,469	48,095	49,779
<b>RENT - BUILDING:</b>									
T2013 Rentals & Leases - Other Space	11,602	11,326	12,353	12,079	13,425	13,894	14,381	14,884	15,405
T2014 Rental & Leases - Exam	-	-	-	-	-	-	-	-	-
T2015 Rental & Leases - SIC	4,426	12,749	8,545	12,600	14,548	15,057	15,584	16,129	16,694
<b>TOTAL, RENT - BUILDING</b>	16,028	24,075	20,897	24,679	27,972	28,951	29,965	31,013	32,099
<b>RENT - MACHINE AND OTHER:</b>									
T2001 Rentals & Leases - Furn/Eqpt	23,610	28,339	27,279	31,244	32,337	33,469	34,640	35,853	37,108
T2003 Rentals & Leases - Furn/Eqpt - Exam	-	-	-	-	-	-	-	-	-
T2004 Rentals & Leases - Furn/Eqpt - SIC	-	9,410	8,558	13,125	10,737	11,113	11,502	11,905	12,321
T2016 Rentals & Leases - Telephone (see Commun & Util -Telephone)	-	-	-	-	-	-	-	-	-
<b>TOTAL, RENT - MACHINE AND OTHER</b>	23,610	37,749	35,837	44,369	43,075	44,582	46,143	47,758	49,429

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Expenditure Budget - Operating Fund

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2028
	Actual	Actual	Actual	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1
				5.0%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>OTHER OPERATING EXPENSE:</b>									
N2004 Prof Fees - Court Reporters	204	1,592	1,275	1,242	1,816	1,880	1,945	2,014	2,084
N2019 Prof Fees - Other	-	-	-	-	-	-	-	-	-
Q2001 Materials and Supplies	62,693	27,101	82,271	50,337	341,408	482,857	463,007	479,213	493,768
Q2002 Materials and Supplies - Exam Grading	-	-	240	-	-	-	-	-	-
Q2005 Materials and Supplies - Office Meter Postage	84,150	57,222	70,097	63,087	65,295	67,581	69,946	72,394	74,928
Q2006 Materials and Supplies - Bulk Rate Postage	-	-	-	1,000	1,035	1,071	1,109	1,148	1,188
Q2009 Materials and Supplies - Other Postage	245	265	290	300	315	326	338	349	362
R2001 Commun & Util - Telephone	56,491	69,646	66,751	75,600	72,542	75,081	77,708	80,428	83,243
Other Utilities	-	270	-	-	-	-	-	-	-
S2001 Repairs & Maint - Annual Contracts	58,007	64,598	52,292	91,285	99,480	102,962	117,978	80,107	32,911
S2005 Repairs & Maint - Other	8,174	2,981	7,837	9,896	10,242	10,600	10,971	11,355	11,753
S3011 Repairs & Maint - Alarm System	-	-	-	-	-	-	-	-	-
U2001 Printing and Reproduction	45,662	14,824	5,449	56,989	16,915	17,507	18,120	18,754	19,411
U2002 Printing of Board Reports	7,208	8,030	8,077	12,172	8,778	9,085	9,403	9,732	10,073
W2001 OE - Membership Fees	7,399	7,925	7,270	10,681	11,055	11,442	11,842	12,257	12,686
W2002 OE - Tuition - Employee Training	-	-	-	-	-	-	-	-	-
W2003 OE - Registration Fees	1,785	5,935	10,500	15,217	15,750	16,301	16,872	17,462	18,073
W2004 OE - Examination Proctors	-	-	-	-	-	-	-	-	-
W2006 OE - Real Property & Improvement	22,728	406	-	-	-	-	-	-	-
W2007 OE - Freight/Delivery Services	2,150	1,245	1,059	2,655	2,748	2,844	2,944	3,047	3,154
W2009 OE - Convention Center Labor SIC	-	2,383	2,985	4,200	4,347	4,499	4,657	4,820	4,988
W2011 OE - Monitoring Alarm System	502	-	-	-	-	-	-	-	-
W2013 OE - Employee Awards	2,329	70	750	1,242	1,285	1,330	1,377	1,425	1,475
W2014 OE - Witness Fees and Investigation Costs	-	1,719	2,168	2,000	2,356	2,439	2,524	2,613	2,704
W2017 OE - Purch of Furn & Eqpt - Inventoried	-	-	-	-	-	-	-	-	-
W2018 OE - Purch of Furn & Eqpt - Noncap	-	-	-	-	-	-	-	-	-
W2020 OE - Other Fees and Charges	71,734	55,299	44,915	60,967	63,101	65,309	67,595	69,961	72,409
L1001 Debt Service - Interest (Lease)	-	37,360	37,095	33,108	28,754	24,294	19,631	14,801	14,801
Debt Service - Interest (SBITAs - IT Leases)	-	-	-	-	-	-	-	-	-
W2021 OE - Texas Online Processing Fees	172,891	160,460	182,125	190,183	199,916	208,527	221,202	231,210	239,302
W2023 OE - SRP Training	-	-	-	-	-	-	-	-	-
<b>TOTAL, OTHER OPERATING EXPENSE</b>	<b>604,353</b>	<b>519,329</b>	<b>583,447</b>	<b>682,161</b>	<b>947,138</b>	<b>1,105,935</b>	<b>1,119,169</b>	<b>1,113,089</b>	<b>1,099,311</b>
<b>PUBLIC ASSISTANCE PAYMENTS:</b>									
Peer Assistance Grant to TXCPA	107,500	107,500	134,253	140,966	154,420	154,420	154,420	154,420	154,420
<b>TOTAL, PUBLIC ASSISTANCE PAYMENTS</b>	<b>107,500</b>	<b>107,500</b>	<b>134,253</b>	<b>140,966</b>	<b>154,420</b>	<b>154,420</b>	<b>154,420</b>	<b>154,420</b>	<b>154,420</b>
<b>CAPITAL EXPENDITURES:</b>									
X5001 Capital Outlay - Furniture/Equipment	-	-	-	-	-	-	-	-	-
X5005 Capital Outlay - Computer	5,646	47,091	-	56,228	58,195	60,232	62,340	64,522	66,781
X5010 Capital Outlay - Leases	-	3,367,839	-	-	-	-	-	-	-
Capital Outlay - SBITAs (IT Leases)	-	-	-	-	-	-	1,436,601	-	-
X5007 Capital Outlay - Telecommunications	-	-	-	-	-	-	-	-	-
<b>TOTAL, CAPITAL EXPENDITURES</b>	<b>5,646</b>	<b>3,414,931</b>	<b>-</b>	<b>56,228</b>	<b>58,195</b>	<b>60,232</b>	<b>1,498,941</b>	<b>64,522</b>	<b>66,781</b>
<b>DIRECT COST BUDGET</b>	<b>3,800,686</b>	<b>7,441,804</b>	<b>4,305,977</b>	<b>5,719,915</b>	<b>6,489,436</b>	<b>8,858,745</b>	<b>10,564,415</b>	<b>9,121,345</b>	<b>7,333,664</b>
<b>Indirect Costs:</b>									
M9000 Payroll Related Costs (IC)	920,722	956,367	1,045,136	1,070,799	1,151,577	1,202,556	1,253,694	1,283,411	1,340,071
Increase % Based on Payroll Related Cost Analysis - Through FY 2023.xls	5.90%	-	-	-	-	-	-	-	-
7032 Emp Retirement	214,508	232,584	264,196	268,082	308,262	331,550	355,311	370,698	397,670
1.77% 7041 Employee Insurance (# adjusted from negative)	504,743	506,978	548,314	562,223	569,339	580,117	591,085	600,847	612,182
3.80% 7043 Employer's FICA (OASI)	201,471	216,804	232,626	240,495	273,976	290,889	307,298	311,866	330,219
T2018 Rentals & Leases-Ofc Bldg (IC) Hobby (7462-1)	-	-	-	-	-	-	-	-	-
T2010 Rentals & Leases-Ofc Bldg (IC) Centennial (7462-0) NET	284,800	859	862	-	-	-	-	-	-
T2019 Debt Service Principal - RTU Lease	-	303,801	314,386	328,818	344,047	359,708	375,896	392,587	392,587
Debt Service Principal - SBITAs (IT Leases)	-	-	-	-	-	-	500,000	500,000	500,000
N2020 Prof Fees - Sunset Review & SAO Audit (IC) (7245-1)	-	-	-	-	-	-	-	-	-
W2027 OOE - Statewide Cost Alloc (7953-0)	143,954	190,807	-	24,207	25,054	25,931	26,839	27,778	28,750
X5007 OOE - SORM Assessments	2,734	2,592	2,791	8,974	9,288	9,614	9,950	10,298	10,659
Total, Indirect Costs	1,352,210	1,454,425	1,363,174	1,432,798	1,529,967	1,597,808	2,166,378	2,214,074	2,272,066
<b>TOTAL AGENCY BUDGET</b>	<b>\$5,152,896</b>	<b>\$8,896,229</b>	<b>\$5,669,151</b>	<b>\$7,152,713</b>	<b>\$8,019,403</b>	<b>\$10,456,554</b>	<b>\$12,730,794</b>	<b>\$11,335,419</b>	<b>\$9,605,730</b>
	\$ 5,152,896.32	\$ 8,896,228.62	\$ -						
	\$0.00	\$0.00	(\$5,669,150.63)						

Explanatory Notes:

- (a) Professional Fees - Legal Services for AGO legal services authorized by Board  
(b) Proposed Budgets have not yet been considered or approved by the Board.

# TSBPA

## Scholarship Fund

Projected Funds Available - FY 2025

AS OF 04/22/2024

Balance as of March 31, 2024 929,633.75

Estimated collections April 1 through August 31, 2024	(5 months)	\$	312,370.32
Total collections 09/01/23 - 03/31/24	\$	<b>437,318.45</b>	
Divided by number of months		7	
Average monthly collections	\$	<u>62,474.06</u>	

Estimated Scholarships April 1, 2024 through August 31, 2024	(186,819.03)
Projected Balance as of August 31, 2024	<u>\$ 1,055,185.04</u>

Estimated collections for FY 2025	\$	749,688.77
Average monthly collections	62,474.06	
Times 12 months	12	
	<u>\$ 749,688.77</u>	

Projected Funds Available Through August 31, 2025	<u><u>\$ 1,804,873.81</u></u>
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### OPTIONS:

	Options	Balance - 08/31/25
Total Awards FY 2025	\$ 750,000.00	\$ 1,054,873.81
	\$ 1,000,000.00	\$ 804,873.81
	\$ 1,250,000.00	\$ 554,873.81

### *Estimated Collections by fiscal quarter - NOT INCLUDING SCHOLARSHIP AWARDS*

Beginning Balance - September 1, 2024	\$ 1,055,185.04
1st quarter collections	\$ 187,422.19
Balance as of November 30, 2024	<u>\$ 1,242,607.23</u>
2nd quarter collections	\$ 187,422.19
Balance as of February 28, 2025	<u>\$ 1,430,029.43</u>
3rd quarter collections	\$ 187,422.19
Balance as of May 31, 2025	<u>\$ 1,617,451.62</u>
4th quarter collections	\$ 187,422.19
Balance as of August 31, 2025	<u><u>\$ 1,804,873.81</u></u>

Scholarship Funds Projected Amount Available FY 2025 4-22-24

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
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- C. Consideration of increasing the amount of professional services contract amendment with Peter DelVecchia

**Technical Standards Review Committee**

- Peter DelVecchia 9/1/23 – 8/31/24 \$25,000  
(Increase contract by \$25,000 from \$25,000 to \$50,000)

**DISCUSSION:** Ms. Espinoza-Riley, Treasurer, will discuss the following professional contract amendment.

**RECOMMENDATION:** None by staff

**SUGGESTED MOTION:** None by staff

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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
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D. Review of NASBA/AICPA matters:

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

1. NASBA dates of interest:
  - a. Western Regional Meeting, June 25-27, 2024, Omaha, NE
  - b. 117<sup>th</sup> Annual Meeting, October 27-30, 2024, Orlando, FL
2. NASBA vice-chair nomination letter in support of J. Coalter Baker, CPA
3. AICPA committee assignment Jeannette P. Smith, CPA

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

**RECOMMENDATION:** None by staff

**SUGGESTED MOTION:** None by staff

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**TEXAS STATE BOARD  
of PUBLIC ACCOUNTANCY**

**William Treacy, Executive Director**

**[www.tsbpa.texas.gov](http://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

March 21, 2024

Mr. Richard N. Reisig, CPA  
Chair, NASBA Nominating Committee  
150 Fourth Ave. North, Suite 700  
Nashville, TN 37219

RE: Nomination of J. Coalter Baker, CPA/PFS, for NASBA Vice-Chair; 2024 - 2025

Dear Mr. Reisig:

The Texas State Board of Public Accountancy is honored to nominate J. Coalter Baker, CPA/PFS for the position of NASBA Vice-Chair. Mr. Baker was appointed to the Texas Board of Public Accountancy twice, serving 11 years. He was Presiding Officer at the time his term ended in 2017. Mr. Baker also served as Chair of the Executive Committee and chaired every major Board committee and task force, and also served as Assistant Presiding Officer.

Mr. Baker has exhibited proven leadership qualities and has been involved with NASBA since 2003. He recently completed nine years with the NASBA Board of Directors. He has served on the Ethics, Nominations, Strategic Planning, Diversity, and six years as Chair of the UAA committees. He was elected to serve on the board of the NASBA Center for Public Trust. Mr. Baker just finished serving on the CEO/President Search Committee.

Mr. Baker was also honored to serve the profession through membership on the Professional Ethics Executive Committees of the AICPA on two separate occasions. The Texas Society of CPAs honored him in 2004 for distinguished service to the profession in the regulatory arena. Mr. Baker was previously a graduate school lecturer in taxation at the University of Texas, McCombs School of Business. He is a graduate of the University of Texas at Austin.

J. Coalter Baker will continue to bring to the NASBA Board a broad and distinguished background in the accounting profession. On behalf of the Texas Board, I recommend his service as the NASBA Vice-Chair with utmost confidence.

Sincerely,

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

William Treacy, Executive Director

Cc: J. Coalter Baker, CPA/PFS



## William Treacy

---

**From:** Jeannette P. Smith <jpsmith@cricpa.com>  
**Sent:** Friday, May 3, 2024 11:14 AM  
**To:** William Treacy  
**Subject:** Board of Examiners - AICPA

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Bill,

I just received formal notice that I will be on the Board of Examiners Committee (BOE) at the AICPA. Mike Decker just confirmed my appointment. I am truly excited about this new volunteer role! I wanted to share this with you and our Board.

See you soon,  
Jeannette

Jeannette,

When you get a chance, can you please accept your appointment to the BOE for 2024 – 2025?

Let me know if you have any questions.

Thank you,

Mike

**Michael A. Decker**

VP – CPA Examination and Pipeline – Public Accounting

[Association](#) | [AICPA](#) | [CIMA](#)

T: +1.609.671.2906 | M: +1.609.433.5315

[Mike.Decker@aicpa-cima.com](mailto:Mike.Decker@aicpa-cima.com)

Princeton South Corporate Center

100 Princeton South, Suite 200

Ewing, NJ 08628

Contact the Global Engagement Center about [AICPA](#) and [CIMA](#)

**We've partnered with HubSync to streamline how you collaborate with CRI! Check out our HubSync Frequently Asked Questions and other resources [here](#).**



**Jeannette P. Smith, CPA, CGMA**  
Partner

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
---

E. 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

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**From:** Bob Kelly <bobkelly@icloud.com>  
**Sent:** Wednesday, March 27, 2024 5:08 PM  
**To:** Marissa Brooks  
**Cc:** April Serrano  
**Subject:** Fwd: Renew suspended license 072901

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Marissa,

I asked April for her supervisor's name so I could give you some positive feedback about April.

She has gone above and beyond to help me "repair" my suspended CPA license. She was incredibly prompt in her email responses, and she helped me understand clearly how to get caught up with my CPE and pay the suspension fee of \$100 just in time to avoid a \$200 suspension fee! And she let me know today when my check for \$100 arrived in your office.

I fully recognize that my own delinquency in completing my CPE timely created my issue, so I am in no position to demand excellent customer service in this situation. April was incredibly gracious and helpful to me, and I hope you recognize what a gem she is!

April - please recognize how much you are appreciated!

Best regards,  
Bob Kelly  
972-839-5810

Begin forwarded message:

**From:** April Serrano <ASerrano@tsbpa.texas.gov>  
**Subject:** RE: Renew suspended license 072901  
**Date:** March 27, 2024 at 4:15:26 PM CDT  
**To:** Bob Kelly <bobkelly@icloud.com>

Oh thank you, I appreciate your kind words.  
My director's name is Marissa Brooks, her email address is: mbrooks@tsbpa.texas.gov

Should you have any further questions, please let me know.  
Have a nice evening!~

Sincerely,

APRIL M. SERRANO, CPE Coordinator/Program Supervisor  
TEXAS STATE BOARD of PUBLIC ACCOUNTANCY  
505 E. Huntland Drive, Suite 380 | Austin, TX 78752  
(512) 305-7831 | [www.tsbpa.texas.gov](http://www.tsbpa.texas.gov)

---

**Subject:**

Accounting Kudos

Thanks for forwarding this, Rhonda! This is Paul and Vivian doing a fantastic job of producing accurate vouchers and getting ahead with their vouchers and other work.

Thank you also to Nicole and Maria continuing to stay on top of voucher reviews!

Lorna

Lorna,

This is for you and your team. Good job!

**Rhonda Fellner**

Sponsor Review Program Supervisor

**From:** Cmm845 <[cmm845@aol.com](mailto:cmm845@aol.com)>

**Sent:** Wednesday, March 27, 2024 4:40 PM

**To:** Rhonda Fellner <[RFellner@tsbpa.texas.gov](mailto:RFellner@tsbpa.texas.gov)>

**Subject:** Re: THANK YOU

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Rhonda,

I want to send out a big THANK YOU to whoever (you???) is responsible for expediting payment for courses that I review.

It is sincerely appreciated.

Your Easter Bunny friend,

Tim

Dear Mr. Treacy:

4/12/2024

I enjoyed our brief chat on Friday. I forgot to tell you that I keep in touch with a couple of students from my class that you visited. They both periodically tell me how much they appreciated your talk. I am very grateful for your assistance. Your kindness is most appreciated. Thank you so much

Dan Edelman

7/12/2024

April:

Thank you very very  
much for your assistance.  
I appreciate your help

Dan Edeln

---

**From:** ana williams <[williamsana15@yahoo.com](mailto:williamsana15@yahoo.com)>

**Sent:** Thursday, April 25, 2024 12:55 PM

**To:** Donna Hiller <[DHiller@tsbpa.texas.gov](mailto:DHiller@tsbpa.texas.gov)>

**Subject:** Re: Applicant Reassessment Program

Hello!

This is great news!

Thank you so much, my family and I really appreciate this opportunity!

Ana

Sent from my iPhone

On Apr 24, 2024, at 12:24 PM, Donna Hiller <[DHiller@tsbpa.texas.gov](mailto:DHiller@tsbpa.texas.gov)> wrote:

Hello Ana:

Your request for reinstatement of CPA exam credits was considered by the Executive Director. He has granted the reinstatement of the FAR credit, that will be valid until 6-30-2025.

We wish you the best on completing the CPA exam.

Regards,  
Donna Hiller



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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
---

F. Proposed process for the annual evaluation of the executive director

**DISCUSSION:** Ms. Seefeld, Presiding Officer, will discuss the upcoming annual evaluation of the executive director

**RECOMMENDATION:** None by staff

**SUGGESTED MOTION:** None by staff

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<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 15, 2024</b></p>
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G. Agency Strategic Plan FY 2025-2029 draft

**DISCUSSION:** Mr. Treacy, Executive Director, reports that the draft of the Agency's Strategic Plan for fiscal years 2025-2029 is now available for the Board to review on the portal.

**RECOMMENDATION:** None by staff

**SUGGESTED MOTION:** None by staff

**Agenda Item V**  
**Rules Committee Agenda**  
**May 15, 2024**  
**1:30 p.m.**

- A. Discussion, consideration, and possible revision to Board *Rule 511.163 (Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct)*.
- B. Discussion, consideration, and possible revision to Board *Rule 523.130 (Ethics Course Requirements)*.
- C. Discussion, consideration and possible revision to Board *Rule 523.140 (Program Standards)*.
- D. Schedule next meeting.



**Agenda Item V**  
**Rules Committee Agenda**  
**May 15, 2024**  
**1:30 p.m.**

- A. Discussion, consideration, and possible revision to Board *Rule 511.163 (Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct)*.

**DISCUSSION:** The Board wants a CPA to be familiar with the Board's Ethics Rules concurrent with initial licensure. With CPA candidates permitted to take the CPA Exam at 120 hours, the CPE on the Ethics Rules should not be tied to a rule addressing the exam. The requirement of CPE on the Rules of Professional Conduct is being removed from this rule in order that it may be addressed in Board *Rule 523.130* and initial licensure.

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

1 CHAPTER 511  
2 SUBCHAPTER H  
3 RULE §511.163

ELIGIBILITY  
CERTIFICATION

~~Board-Approved Ethics Requirement and~~ Examination on the  
Board's Rules of Professional Conduct Requirements

---

6 An applicant applying for the issuance of the CPA certificate must pass an  
7 examination on the board's Rules of Professional Conduct.

8 (1) The examination on the Rules of Professional Conduct must be completed  
9 not more than six months prior to the issuance of the CPA certificate.

10 (2) A grade of 85% on the exam is considered passing.

11 ~~(a) An applicant applying for the issuance of the CPA certificate must successfully~~  
12 ~~complete a board-approved four-hour ethics course of comprehensive study on the~~  
13 ~~board's Rules of Professional Conduct offered through a board-approved and registered~~  
14 ~~provider of CPE.~~

15 ~~(b) An applicant is not required to comply with subsection (a) of this section if the~~  
16 ~~applicant has completed an ethics course from a board-recognized institution of higher~~  
17 ~~education within two years of the date the board receives the applicant's application for~~  
18 ~~issuance of the CPA certificate.~~

19 ~~(c) An applicant applying for the issuance of the CPA certificate must also pass an~~  
20 ~~examination on the board's Rules of Professional Conduct.~~

21 ~~(1) The examination on the Rules of Professional Conduct must be completed not more~~  
22 ~~than six months prior to the issuance of the CPA certificate.~~

23 ~~(2) A grade of 85% on the exam is considered passing.~~



**Agenda Item V**  
**Rules Committee Agenda**  
**May 15, 2024**  
**1:30 p.m.**

- B. Discussion, consideration, and possible action concerning Board *Rule 523.130* (*Ethics Course Requirements*).

**DISCUSSION:** The Board wants a CPA to be familiar with the Board's Ethics Rules upon initial licensure. The proposed revision to Board *Rule 523.130* requires a licensee to take CPE on the Rules of Professional Conduct within two years of receiving their initial license and every two years thereafter.

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

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER C ETHICS RULES: INDIVIDUALS AND SPONSORS  
3 RULE §523.130 Ethics Course Requirements

---

4  
5 (a) **A licensee** ~~An applicant for certification or registration~~ must complete a board-  
6 approved four CPE credit ethics course, as required by §523.131 of this chapter  
7 (relating to Board Approval of Ethics Course Content), beginning two years  
8 following the expiration of initial licensure. This four CPE credit ethics course is  
9 designed to thoroughly familiarize the **licensee** ~~applicant~~ with the board's Rules of  
10 Professional Conduct ~~no more than two years prior to submission of the application.~~  
11 Proof of completion of this course must be submitted with the license renewal notice  
12 application.

13 (b) A licensee must take ~~the~~ **a** four CPE credit ethics course required by that has been  
14 approved by the board pursuant to §523.131 of this chapter and as defined in  
15 §523.102 of this chapter (relating to CPE Purpose and Definitions) (relating to  
16 Board Approval of Ethics Course Content) every two years, ~~and~~. The licensee shall  
17 report completion of the course on the annual license renewal notice at least every  
18 second year.

19 (c) A licensee granted retired, permanent disability, or other exempt status is not  
20 required to complete the ethics course during the licensee's exempt status. If the  
21 exempt status is no longer applicable, the licensee must complete an ethics course  
22 approved by the board and report it on the annual license renewal notice.

23 ~~(d) A licensee must take the ethics course in a program as defined in §523.102 of this~~  
24 ~~chapter (relating to CPE Purpose and Definitions).~~

25 **(d) (e) A licensee person** who does not reside in the state of Texas, who has no clients  
26 within this state, and who is current with the ethics course requirements of his state of  
27 residence is not required to take the mandated ethics course ~~mandated~~. A **licensee**  
28 **person** meeting these requirements may claim an exemption pursuant to §523.113 of  
29 this chapter (relating to Exemptions from CPE).

**Agenda Item V**  
**Rules Committee Agenda**  
**May 15, 2024**  
**1:30 p.m.**

- C. Discussion, consideration, and possible action concerning Board *Rule 523.140* (*Ethics Course Requirements*).

**DISCUSSION:** A CPE self-study program must contain at least three questions for each “learning objective” to help the student understand the materials studied. The rule was not intended to require three questions for each CPE credit. The rule is being revised to clarify that the questions must be tied to learning objectives.

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

1 CHAPTER 523 CONTINUING PROFESSIONAL EDUCATION  
2 SUBCHAPTER D STANDARDS FOR CONTINUING PROFESSIONAL  
3 EDUCATION PROGRAMS AND RULES FOR SPONSORS  
4 RULE §523.140 Program Standards  
5

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6 (a) Potential participants should be informed in advance of course content, learning  
7 objectives, prerequisites, and recommended credits so they can determine whether they  
8 are qualified to participate in and benefit from the program. The stated learning  
9 objectives should clearly communicate the specific areas of knowledge that will be  
10 covered. If there are no prerequisites for the course, a statement to this effect must be  
11 made.

12 (b) The program developer must organize the program around the stated learning  
13 objectives and must retain a copy of the final program, including electronic media, in  
14 accordance with §523.143(b) of this chapter (relating to Sponsor's Record). The final  
15 program must contain sufficient documentation to support the number of CPE credits  
16 granted. The course materials must be periodically reviewed to assure that they are  
17 accurate and consistent with currently accepted standards relating to the program's  
18 subject matter. The program developer should provide the instructor with separate  
19 materials that emphasize sections of the course that need reinforcement, if appropriate.

20 (c) Instructors must be qualified both with respect to program content and teaching  
21 methods used. Sponsors shall evaluate the performance of instructors at the conclusion  
22 of each program to determine their suitability for continuing to serve as instructors.

23 (d) All programs must provide for some means to evaluate both the competence of the  
24 instructor and the course material. Refer to §523.141 of this chapter (relating to  
25 Evaluation).

26 (e) Self-study programs must conform to the requirements outlined in §523.102(c)(2) of  
27 this chapter (relating to CPE Purpose and Definitions).

28 (1) Program must include at least three review questions for each **learning objective**  
29 **CPE credit, or two review questions if the program is marketed for one-half CPE credits**  
30 to allow the participant the opportunity to understand the material. Evaluative feedback  
31 must be provided for each incorrect response.

32 (2) To provide evidence of satisfactory completion of the course, CPE sponsors must  
33 require participants to successfully complete a final exam with a passing grade of at

1 least 70%. The final exam must have at least five questions for each CPE credit granted  
2 and no more than 25% of the questions be "true/false" in nature.

3 (3) Program or course expiration date. Course documentation must include an  
4 expiration date (the time by which the participant must complete the final exam). The  
5 expiration date should be no longer than one year from the date of purchase.

6 (f) Nano programs must use instructional methods that clearly define a minimum of one  
7 learning objective, guide the participant through a program of learning, and provide  
8 evidence of a participant's satisfactory completion of the program. Satisfactory  
9 completion of the program must be confirmed at the conclusion of the program by  
10 passing a final exam.

11 (1) To provide evidence of satisfactory completion of the course, CPE sponsors must  
12 require participants to successfully complete a final exam with a passing grade of 100  
13 percent before issuing CPE credit for the course. The final exam may contain questions  
14 of varying format (for example, multiple choice, rank order, and matching). Only two  
15 questions must be included on the final exam. "True or false" questions are not  
16 permissible on the final exam. If the participant fails the final exam CPE credit will not be  
17 granted. The participant may re-take the program and the number of re-takes permitted  
18 is at the sponsor's discretion.

19 (2) Program or course expiration date. Course documentation must include an  
20 expiration date. The expiration date is no longer than one year from the date of  
21 purchase.

22 (3) Based on materials developed for instructional use, Nano programs must be based  
23 on materials specifically developed for instructional use and not on third-party materials.  
24 Nano learning programs requiring only the reading of general professional literature,  
25 IRS publications, or reference manuals followed by an assessment will not be  
26 acceptable.

27 (g) Blended programs must use instructional methods that clearly define learning  
28 objectives and guide the participant through a program of learning. Pre-program, post-  
29 program, and homework assignments should enhance the learning program experience  
30 and must relate to the defined learning objectives of the program.

31 (1) Blended programs include different learning or instructional methods (for example,  
32 lectures, discussion, guided practice, reading, games, case studies, and simulation);

1 different delivery methods (group live, group Internet based, nano learning, or self  
2 study); and/or different levels of guidance (for example, individual, instructor or subject  
3 matter expert led, or group and social learning). To guide participants through the  
4 learning process, CPE program sponsors must provide clear instructions and  
5 information to participants that summarize the different components of the program and  
6 what must be completed or achieved during each component in order to qualify for CPE  
7 credits. The CPE program sponsor must document the process and components of the  
8 course progression and completion of components by the participants.

9 (2) To provide evidence of satisfactory completion of sections of the course that are  
10 not "live" (such as nano or self-study) CPE sponsors must require participants to  
11 successfully complete an exam with a passing grade appropriate to the delivery method  
12 (i.e. 70% for self-study, 100% for nano).

13 (h) Sponsors are responsible for ensuring the participants register their attendance  
14 during the program. Sponsors are responsible for assigning the appropriate number of  
15 CPE credits for participants, including reduced CPE credits for those participants who  
16 arrive late or leave early. Refer to §523.142 of this chapter (relating to Program Time  
17 Credit Measurement for Sponsors).

18 (i) Sponsors must comply with all CPE rules including §523.143 of this chapter.

19 (j) Sponsors awarding CPE credit for a board authorized ethics course defined in  
20 §523.131 of this chapter (relating to Board Approval of Ethics Course Content) must do  
21 so through a board authorized instructor as defined in §523.132 of this chapter (relating  
22 to Board Authorized Ethics Instructors).

**Agenda Item V**  
**Rules Committee Agenda**  
**May 15, 2024**  
**1:30 p.m.**

D. Schedule next meeting.

**Agenda Item VI**

**Qualifications Committee Agenda**

**May 15, 2024**

- A. Discussion, consideration, and possible action on amendments to Board *Rule 511.163 – Board-Approved Ethics Requirement and Examination on the Rules of Professional; Conduct.*
- B. Report on CPA Exam scores
- C. Discussion, consideration, and possible action on the Board's Rules of Professional Conduct Exam as required for certification
- D. Discussion, consideration, and possible action on Examination Fee Financial Aid (EFFA) proposal
- E. Review of correspondence from NASBA





## **Agenda Item VI**

### **Qualifications Committee Agenda**

**May 15, 2024**

- A. Discussion, consideration, and possible action on amendments to Board *Rule 511.163 – Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct*.

**DISCUSSION:** Based on Board *Rule 511.163*, a person who completes the CPA Exam must take a four-hour CPE course on the Board's Rules of Professional Conduct. With the recent changes to the *Public Accountancy Act* and Board *Rule 511.164 (a) (3)*, a person is required to complete a three-semester hour Board-approved standalone course in accounting or business ethics for licensure. Previous to these changes, the college ethics course was required to take the CPA Exam and the CPE ethics course was completed when the candidate met the work experience requirement for CPA certification.

The amendment to *Rule 511.163* to remove the four-hour continuing education course on the Rules of Professional Conduct is recommended, due to the timing of taking the approved college accounting ethics course and the CPE ethics course, as well as the redundancy of content. The CPE ethics course requirements are located in Board *Rule 523.130 – Ethics Course Requirements*, and amendments to this rule will be considered by the CPE and Licensing Committees.

**RECOMMENDATION:** Staff recommends that amendments to Board *Rule 511.163 – Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct* be considered by the committee.

**SUGGESTED MOTION:** The Committee recommends amendments to Board *Rule 511.163 – Board-Approved Ethics Requirement and Examination on the Rules of Professional Conduct* be considered by the Rules committee.

**Rule 511.163      ~~Board-Approved Ethics Requirement and Examination on the~~  
of Board's Rules of Professional Conduct Requirements**

~~(a) An applicant applying for the issuance of the CPA certificate must successfully complete a board-approved four-hour ethics course of comprehensive study on the board's Rules of Professional Conduct offered through a board-approved and registered provider of CPE.~~

~~(b) An applicant is not required to comply with subsection (a) of this section if the applicant has completed an ethics course from a board-recognized institution of higher education within two years of the date the board receives the applicant's application for issuance of the CPA certificate.~~

~~(c) An applicant applying for the issuance of the CPA certificate must also pass an examination on the board's Rules of Professional Conduct.~~

**(a)** ~~(1)~~ The examination on the Rules of Professional Conduct must be completed not more than six months prior to the issuance of the CPA certificate.

**(b)** ~~(2)~~ A grade of 85% on the exam is considered passing.

## **Agenda Item VI**

### **Qualifications Committee Agenda**

**May 15, 2024**

#### **B. Report on CPA Exam scores.**

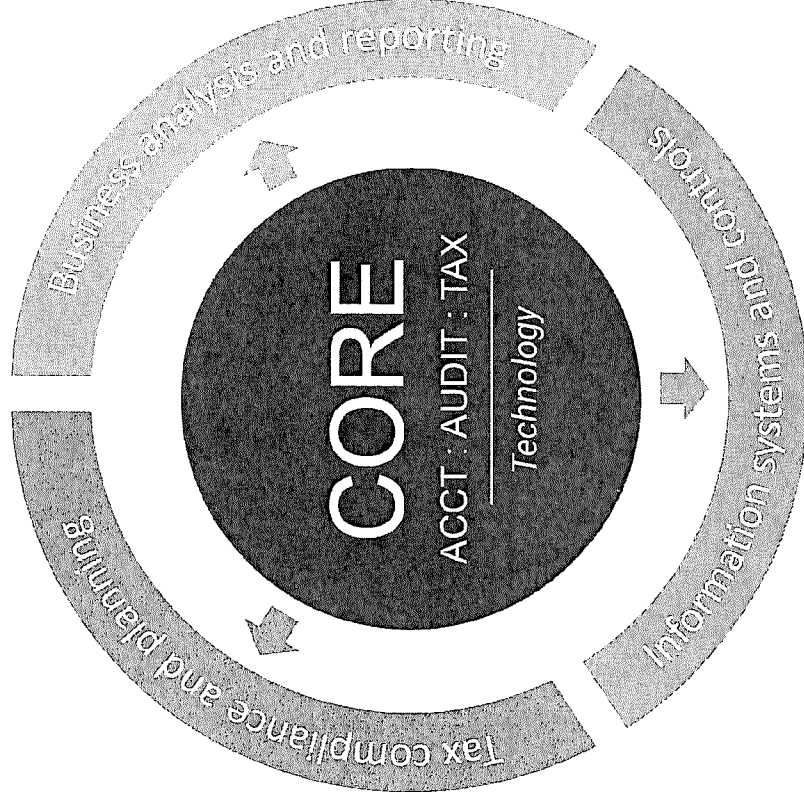
**DISCUSSION:** At the NASBA Executive Director's meeting on March 25-27, 2024, information was provided on the successful launch of CPA Evolution. (Information provided.) Scores for Texas candidates taking the BAR, ISC and TCP sections from January 10 – February 6, 2024 were received on April 26, 2024, processed and made available to candidates. These are the results of the score results.

	<b>Exam Section</b>			
	<b>BAR</b>	<b>ISC</b>	<b>TCP</b>	<b>Total</b>
<b>Tested</b>	37	32	59	128
<b>Passed</b>	15	21	50	86
<b>Passing Percentage</b>	40.5	65.6	84.7	67.2

**RECOMMENDATION:** Information only. No action required.

**SUGGESTED MOTION:** Information only. No action required.

# CPA Evolution Launched Successfully!!!



## Volumes as of 3-19-24:

<u>Core Sections</u>	
▲ AUD	6,130
▲ FAR	6,884
▲ REG	4,995

<u>Discipline Sections</u>	
▲ BAR	704
▲ ISC	380
▲ TCP	689

On target for 2024!

**Agenda Item VI**

**Qualifications Committee Agenda**

**May 15, 2024**

- C.** Discussion, consideration and possible action on the Board's Rules of Professional Conduct Exam as required for certification.

**DISCUSSION:** The Qualifications Committee Task Force charged with studying the Board's Rules of Professional Conduct Exam met on April 5 and April 26, 2024. Chair Marshall Pitman may provide an update on the progress of their work. Due to the security of the Rules of Professional Conduct Exam, only a high-level report may be offered.

**RECOMMENDATION:** Information only. No action is required.

**SUGGESTED MOTION:** Information only. No action is required.



## **Agenda Item VI**

### **Qualifications Committee Agenda**

**May 15, 2024**

- D. Discussion, consideration, and possible action on the Examination Fee Financial Aid (EFFA) proposal.

**DISCUSSION:** A proposal to offer financial assistance to first-time CPA Exam applicants is presented for the committee's consideration. The proposal, Examination Fee Financial Aid (EFFA) would allow first-time applicants taking the first section of the CPA Exam to be reimbursed by the Board for the cost of the exam once testing occurred.

If the EFFA proposal is accepted by the committee, it would be presented to the Board for further discussion.

**RECOMMENDATION:** Information only. No action is required.

**SUGGESTED MOTION:** Information only. No action is required.





**Agenda Item VI**

**Qualifications Committee Agenda**

**May 15, 2024**

E. Review of correspondence from NASBA.

**DISCUSSION:** Correspondence received from NASBA that requires the committee's consideration will be presented.

**RECOMMENDATION:** Information only. No action is required.

**SUGGESTED MOTION:** Information only. No action is required.

**Agenda Item VII**  
**Joint CPE and Licensing Committee**  
**May 15, 2024**  
**11:00 a.m.**

- A. Discussion, consideration, and possible action concerning Board *Rule 523.130 – Ethics Course Requirements*.
- B. Update regarding CPE reporting capabilities.
- C. Discussion, consideration, and possible action regarding firm late fees.
- D. Update on the June 22, 2024 Swearing-in Ceremony.
- E. Adjourn.



**Agenda Item VII**  
**Joint CPE and Licensing Committee**  
**May 15, 2024**  
**11:00 a.m.**

- A. Discussion, consideration, and possible action concerning Board *Rule 523.130 – Ethics Course Requirements*.

**DISCUSSION:** Under Board *Rule 523.130*, a newly-licensed CPA is required to complete an approved ethics CPE course during their third full license period. Thereafter, the licensee reports an approved ethics CPE course every other year. The proposed rule revisions will clarify language regarding the requirements for first-time, as well as ongoing reporting of the approved ethics CPA course.

**RECOMMENDATION:** The staff recommend that the Rules Committee recommend to the Board to authorize the executive director to publish the revisions as proposed by the committee in the *Texas Register* for public comment.

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

(a) **A licensee** ~~An applicant for certification or registration~~ must complete a board-approved four CPE credit ethics course, as required by §523.131 of this chapter (relating to Board Approval of Ethics Course Content), beginning two years following the expiration of initial licensure. This four CPE credit ethics course is designed to thoroughly familiarize the **licensee** ~~applicant~~ with the board's Rules of Professional Conduct ~~no more than two years prior to submission of the application~~. Proof of completion of this course must be submitted with the **license renewal notice** ~~application~~.

(b) A licensee must take ~~the~~ **a** four CPE credit ethics course required by that has been approved by the board pursuant to §523.131 of this chapter and as defined in §523.102 of this chapter (relating to CPE Purpose and Definitions) ~~(relating to Board Approval of Ethics Course Content)~~ every two years, and. ~~The licensee~~ shall report completion of the course on the annual license renewal notice at least every second year.

(c) A licensee granted retired, permanent disability, or other exempt status is not required to complete the ethics course during the licensee's exempt status. If the exempt status is no longer applicable, the licensee must complete an ethics course approved by the board and report it on the annual license renewal notice.

~~(d) A licensee must take the ethics course in a program as defined in §523.102 of this chapter (relating to CPE Purpose and Definitions).~~

**(d)** ~~(e)~~ A **licensee** ~~person~~ who does not reside in the state of Texas, who has no clients within this state, and who is current with the ethics course requirements of his state of residence is not required to take the **mandated** ethics course ~~mandated~~. A **licensee** ~~person~~ meeting these requirements may claim an exemption pursuant to §523.113 of this chapter (relating to Exemptions from CPE).

**Agenda Item VII**  
**Joint CPE and Licensing Committee**  
**May 15, 2024**  
**11:00 a.m.**

**B. Update regarding CPE reporting capabilities.**

Texas CPAs can report completed CPE courses throughout the year using the CPE reporting tool in their TSBPA online account. The credits entered through the reporting tool are used to update CPE totals and verify that CPAs have met the necessary requirements for their annual license renewal. CPAs may have access to other online portals, supported by employers or CPE providers, where CPE credit completion data is stored on their behalf. At this time, the agency's system does not support the ability to upload certificates or import CPE credits from external sites. However, staff is evaluating requirements that would enable import and upload capabilities in the event this could be part of future technology upgrades.

**RECOMMENDATION:** None required

**SUGGESTED MOTION:** None required





**Agenda Item VII**  
**Joint CPE and Licensing Committee**  
**May 15, 2024**  
**11:00 a.m.**

**C.** Discussion, consideration, and possible action regarding firm late fees.

**DISCUSSION:** The initial registration and annual license renewal fee for firms is calculated by adding the base \$60.00 license fee and the firm's organizational fee. The organizational fee is calculated based on the number of CPAs and non-CPA owners in the firm. The table below shows the employee count ranges and fee rate per individual in the organizational fee chart.

<b>Firm Organizational Fee Structure</b>	
<b>CPA/Non-CPA Owner Count</b>	<b>Fee Per Individual</b>
1	\$0.00
2 to 5	\$10.00
6 to 9	\$15.00
10 to 49	\$20.00
50 to 99	\$25.00
100 or more	\$25.00

The Board has the authority to establish late fees for firms that are expired less than 90 days and more than 90 days, as outlined in *Section 901.351* of the *Act* and *Board Rule 521.13*. Late fees are currently calculated based on a flat rate that accumulates annually. A firm that is up to 90 days late pays a \$150.00 late fee, and a firm that is more than 90 days late pays a \$250.00 late fee.

An alternative late fee structure could consider the size of the firm by scaling the late fee in proportion with the firm's organizational fee range. For example, the table below proposes late fees for firms expired up to 90 days. In this example, the same employee count range in the organizational fee chart is used, and lowest number in the range serves as the multiplier against the base \$150.00 late fee.

<b>Proposed Firm Late Fees: Up to 90 Days</b>		
<b>CPA/Non-CPA Owner Count</b>	<b>Multiplier</b>	<b>Late Fee Assessed</b>
1	1 x \$150	\$150.00
2 to 5	2 x \$150	\$300.00
6 to 9	6 x \$150	\$900.00
10 to 49	10 x \$150	\$1,500.00
50 to 99	50 x \$150	\$7,500.00
100 or more	100 x \$150	\$15,000.00

The table below proposes late fees for firms expired more than 90 days. In this case, the lowest number in the employee count range is used as the multiplier against the base \$250.00 late fee.

<b>Proposed Firm Late Fees: After 90 Days</b>		
<b>CPA/Non-CPA Owner Count</b>	<b>Multiplier</b>	<b>Late Fee Assessed</b>
1	1 x \$250	\$250.00
2 to 5	2 x \$250	\$500.00
6 to 9	6 x \$250	\$1,500.00
10 to 49	10 x \$250	\$2,500.00
50 to 99	50 x \$250	\$12,500.00
100 or more	100 x \$250	\$25,000.00

A snapshot of firm license fees paid thus far during Fiscal Year 2024 is provided in the table below. This table categorizes the late fees that were assessed according to the firm's employee count range and shows the amount the firm paid under the existing method of calculating late fees. The table also shows what the firm would have paid under the proposed new method.

<b>FY24 Capture of Late Payments: 222 Total</b>				
<b>CPA/Non-CPA Owner Count</b>	<b>Count of Late Fees Assessed (current method)</b>	<b>Count of Late Fees Assessed (proposed method)</b>	<b>Total Late Fees Assessed (current method)</b>	<b>Total Late Fees Assessed (proposed method)</b>
1	1 @ \$500 (2 units) 44 @ \$250 136 @ \$150	1 @ \$500 (2 units) 44 @ \$250 136 @ \$150	\$31,900.00	\$31,900.00
2 to 5	1 @ \$500 (2 units) 9 @ \$250 27 @ \$150	1 @ \$1,000 (2 units) 9 @ \$500 27 @ 300	\$6,800.00	\$13,600.00
6 to 9	1 @ \$300 (2 units) 1 @ \$500 (2 units)	1 @ \$1,800 (2 units) 1 @ \$3,000 (2 units)	\$800.00	\$3,900.00
10 to 49	1 @ \$150	1 @ \$1,500	\$1,400.00	\$14,000.00
10 to 49	1 @ 1,250	1 @ 12,500		
50 to 99	None		\$0.00	\$0.00
100 or more	None		\$0.00	\$0.00
			\$40,900.00	\$63,400.00

**RECOMMENDATION:** None required

**SUGGESTED MOTION:** None required

## **RULE §521.13      Firm License Fees**

---

(a) The fee for a firm license shall be established by the board on an annual basis for each office of the firm registered in Texas plus the fee required by subsection (b) of this section.

(b) A firm will pay an additional fee, established by the board on an annual basis, based on the number of CPAs employed at the firm office registered in Texas plus the number of non-CPA owners of the firm office registered in Texas.

(c) The firm license fees provided for in subsections (a) and (b) of this section will be prescribed in the board's firm registration and renewal form.

(d) A firm "employs" a CPA within the meaning of this rule when:

(1) a CPA is a partner, owner, member, shareholder, or employee of the firm;

(2) a CPA works at the firm, either temporarily or long term, under a lease agreement or contract with any other entity, including but not limited to personnel staffing agencies or service companies affiliated with the firm;

(3) a CPA works at the firm on anything less than a full-time basis;

(4) a CPA has any of the relationships described in paragraphs (1) - (3) of this subsection with an entity that is a partner, owner, member, or shareholder of the firm; or

(5) a CPA has any of the relationships described in paragraphs (1) - (3) of this subsection with an entity affiliated with the firm and that CPA participates in performing professional services for clients of the firm.

(e) Each firm shall certify to the board the highest number of CPAs it employs within the meaning of this section during the 30 days prior to filing its application. Each CPA should be counted only once, even if he or she has more than one relationship as described in subsection (d)(1) - (5) of this section.

(f) Firm license fees will not be prorated or refunded.

(g) A firm whose license has been expired for 90 days or less may renew the license by paying the board a late fee established by the board on an annual basis in addition to the license fee required to be paid under subsections (a) and (b) of this section.

(h) A firm whose license has been expired for more than 90 days may renew the license by paying the board a late fee established by the board on an annual basis in addition to the license fee required to be paid under subsections (a) and (b) of this section.

**Agenda Item VII  
Joint CPE and Licensing Committee  
May 15, 2024  
11:00 a.m.**

D. Update on the June 22, 2024 Swearing-in Ceremony.

The Board will hold its next Swearing-in Ceremony on June 22, 2024 at the Palmer Events Center in Austin. The Licensing Division extended an invitation to 901 new CPAs, and 222 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:**

**Yesenia Jacquelyn Garcia**

Calvetti Ferguson  
UT- Austin  
Master in Professional Accounting

**Elizabeth Jane Frazier**

Ernst & Young LLP - Dallas  
Texas Christian University  
Master of Accounting

**Mitchell Bradley Behling**

Deloitte & Touche LLP - Dallas  
Brigham Young University  
Master of Accountancy

**Gisela Yaneth Rodriguez Melendez**

JPMorgan Chase  
UT- Dallas  
Master in Accounting

**Cheuk Hei Wu**

Scotiabank  
UT- Austin  
Master in Professional Accounting

**Ashley Lynn McGrew**

Deloitte & Touche LLP - Houston  
University of Houston  
Master in Professional Accountancy

**John Austin Gerling**

Ernst & Young LLP - Austin  
UT- Austin  
Master in Professional Accounting

**Linh Gia Huynh**

Ernst & Young US LLP - Dallas  
Texas Tech University  
Master in Accounting

**Cody James Conway**

Deloitte & Touche LLP - Dallas  
University of Arkansas  
Bachelor of Business Administration

**Casady Katelyn Cramer**

Deloitte & Touche LLP - Dallas  
UT- Austin  
Master in Professional Accounting

**Hale Ellicott Cullom IV**

Main Street Capital Corp.  
Texas A&M University  
Master in Accounting

**Carly Amanda Mika**

KPMG – San Antonio  
UT- San Antonio  
Master of Accountancy



**Agenda Item VII**  
**Joint CPE and Licensing Committee**  
**May 15, 2024**  
**11:00 a.m.**

E. Adjourn.

## **Agenda Item VIII**

### **Peer Assistance Oversight Committee**

**May 15, 2024**

The Peer Assistance Oversight Committee monitors and oversees the peer assistance program, and recommends the grant awarded for the operation of the TXCPA's Accountants Confidential Assistance Network (ACAN).

- A. Discussion, consideration, and possible action regarding proposed increase of the grant awarded to the Texas Society of Certified Public Accountants (TXCPA) to administer the Peer Assistance Program.
- B. Report on year-end meeting of TXCPA Peer Assistance Program.
- C. Review of Peer Assistance Quarterly Reports from ACAN.
- D. Adjourn





## **Agenda Item VIII**

### **Peer Assistance Oversight Committee**

**May 15, 2024**

- A. Discussion, consideration, and possible action regarding proposed increase of the grant awarded to the Texas Society of Certified Public Accountants (TXCPA) to administer the Peer Assistance Program.

**DISCUSSION:** The TSBPA provides an annual grant to support the TXCPA Peer Assistance program. Due to an unaccounted for spike in CPI, increased costs for the annual training as well as an increase in presentation requests, the TXCPA is requesting the grant amount be changed from \$134,023 to \$155,500.

**RECOMMENDATION:** The staff recommends the Peer Assistance Oversight Committee recommend the Board increase the grant awarded to the TXCPA to administer the Peer Assistance Program to \$155,500.

**SUGGESTED MOTION:** That the Peer Assistance Oversight Committee recommend that the Board increase the grant awarded to the TXCPA to administer the Peer Assistance Program to \$155,500.

**TXCPA PEER ASSISTANCE  
MAY 2024 UPDATE  
TSBPA OVERSIGHT COMMITTEE**

**REQUEST FOR INCREASE IN GRANT AWARD**

TSBPA provides an annual grant to support the TXCPA Peer Assistance Program.

**Grant History**

\$90,000 annual grant: 2009, 2010, 2011, 2012, 2013

\$107,500 annual grant: 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

\$134,023 annual grant: 2023, 2024

\$155,500 requested for 2025 fiscal year.

**Requested Increase**

- The grant increase for the 2023 year was based on CPI average of 2.5% over the 2014-2021 period.
- CPI realized a significant spike to 8% in 2022 that we did not account for in the 2023 or the 2024 fiscal years.
- [Using CPI data](#), we apply the inflation rate of 8% in 2022, 4.1% in 2023 and an anticipated rate of 3.2% for 2024 producing the request to increase the annual grant from \$134,023 to \$155,500.

**Quarterly Reports**

- The program provides quarterly reports to TSBPA documenting program activity and the use of grant funds.
- The largest increase is the cost of the annual training of ACAN mentors, primarily in hotel nights, food & beverage, and travel.
- Meetings and travel are expected to increase as presentation requests increase.

**TXCPA Peer Assistance Program  
Financial Information**

**For the Three Months Ended**

<b>Summary of Expenses</b>	<b>Reported 11/30/23</b>	<b>Reported 2/29/24</b>	<b>Projected 5/31/2023</b>	<b>Projected 8/31/2023</b>	<b>Projected Total</b>
Personnel	\$29,256	\$ 30,296	\$ 30,296	\$ 31,500	\$121,348
Network Training Meeting	26,750			1,500	28,250
Meetings and Travel	650	165	500	750	2,065
Administration	\$ 1,405	4,445	4,500	4,500	14,850
<b>TOTALS</b>	<b>\$ 58,061</b>	<b>\$ 34,906</b>	<b>\$ 35,296</b>	<b>\$ 38,150</b>	<b>\$166,513</b>

**Agenda Item VIII**

**Peer Assistance Oversight Committee**

**May 15, 2024**

B. Report on year-end meeting of TXCPA Peer Assistance Program.

No action required.



**Agenda Item VIII**

**Peer Assistance Oversight Committee**

**May 15, 2024**

C. Review of Peer Assistance Quarterly Reports from ACAN.

Information only. No action required.

**TXCPA Peer Assistance Program  
Quarterly Report  
For the Three Months Ended November 30, 2023**

**SUMMARY OF ACTIVITIES**

**1. Annual Training**

The Peer Assistance annual meeting took place September 22-24 in Lakeway, TX. Members of the Accountants Confidential Assistance Network (ACAN) gathered for support group meetings, training on Peer Assistance program procedures, and education on mental health and wellness topics. The education component of the annual meeting 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. [Dana Garnett, CPA](#), delivered a couple of sessions teaching skills and strategies for dealing with stress that is produced during conflict. All of the education sessions were highly rated on post-event evaluations, and many of the attendees expressed a desire to deliver these wellness sessions more broadly to the profession. ACAN has commenced planning sessions to identify how we might offer our annual training education sessions as CPE-eligible broadcasts to the TXCPA membership.

**2. Peer Assistance Committee**

The TXCPA Peer Assistance Committee convened this quarter.

- A. The committee reviewed an annual report from the Program Director that included data on TSBPA referrals, status of ACAN groups, recruiting mentors, program promotion and information on individuals completing the ACAN mentor/monitor program.
- B. The Committee continued their rolling annual review of program documents including:
  1. *ACAN Mentor Standards of Practice*
  2. *Confidentiality Policy*
  3. *Procedures to Maintain Confidentiality*
  4. *ACAN support group preamble*
- C. The committee discussed the status of the ACAN support groups and sought to identify if any changes were necessary to deliver the best possible experience. The committee noted a number of individuals participating in ACAN are not seeking support for chemical dependency recovery. Convictions of theft, lewd acts, solicitation, and other non-drug/alcohol related reasons have brought them to ACAN. Committee members discussed how the expanded vision into wellness has made room for these participants. Committee members agreed to observe if the groups are able to provide the appropriate assistance.
- D. The Committee identified September 27-29, 2024 for the next annual training. The committee plans to return to South Padre to take advantage of the lower costs.

**3. ACAN support group meetings**

ACAN conducted 56 support group meetings this quarter. Support groups were conducted on a consistent schedule of weekly on Monday and Tuesday evenings and noon Fridays; a weekly Thursday evening book discussion; and a women's group held at noon on the first and third Tuesdays of each month.

**4. ACO Mentors**

ACAN volunteers provided mentoring services for 37 individuals under an Agreed Consent Order during the quarter. Mentors interacted with individuals under an ACO, received attendance logs, and produced and submitted quarterly reports.

**5. Confidential phone line**

TXCPA hosted the confidential toll-free phone line on behalf of the ACAN program to provide CPAs safe and prompt access to information and assistance. The ACAN Director fielded calls from CPA candidates questioning the consequences of past arrests, from CPA professionals seeking mental health support groups and alcohol treatment facilities, and from candidates referred to ACAN by TSBPA.



**TXCPA Peer Assistance Program  
Performance Measures  
As Outlined in TSBPA contract  
Attachment A  
For the Three Months Ended November 30, 2023**

1. TSBPA Referrals – 1 Candidates, 1Licensee, 7 pledge letters
2. Other Contacts - 6
3. Number of persons receiving services – 44
4. TSBPA Exam Candidates referrals receiving services – 25
5. TSBPA Licensees receiving services – 19
6. Number of persons completing the ACAN Monitoring/Mentoring Program – 0
7. Number of ACAN Volunteers – 31

**TXCPA Peer Assistance Program  
Financial Information  
For the Quarter ending November 30, 2023**

	<u><b>For the Three Months Ended</b></u>	<b>YTD</b>
<u><b>Summary of Expenses</b></u>	<u><b>11/30/23</b></u>	<u><b>Total</b></u>
Personnel	\$ 29,256	\$ 29,256
Network Training Meeting	26,750	26,750
Meetings and Travel	650	650
Other	1,405	1,405
<b>TOTALS</b>	<u><u><b>\$ 58,061</b></u></u>	<u><u><b>\$ 58,061</b></u></u>

**TXCPA Peer Assistance Program  
Quarterly Report  
For the Three Months Ended February 29, 2024**

**SUMMARY OF ACTIVITIES**

**1. ACAN Support Group Meetings**

We conducted 58 ACAN support group meetings this quarter convened exclusively via zoom. Meeting attendance is drawing an increased number of licensees, an out of state CPA, and former Candidates checking in again. These groups spur additional conversations and meetings outside of the group conversation and support career growth as well.

**2. ACO Mentoring**

ACAN volunteers provided mentoring services for 43 individuals under an Agreed Consent Order this quarter. Mentors provided guidance, received attendance records, and produced quarterly reports. Three Candidates and two Licensees successfully completed their Consent Order requirements this quarter and were released from the program. Everyone released from their consent order requirements remains invited to participate in support group meetings. We also have two CPAs with revoked TXCPA memberships in the monitoring program. TXCPA membership is not a requirement to receive ACAN services, so these individuals continue to be active in the program.

**3. ACAN Confidential Phone Line**

TXCPA hosted the confidential toll-free phone line on behalf of the ACAN program to provide CPAs safe and prompt access to information and assistance. The phone line was monitored daily to ensure responsive assistance.

**4. Peer Assistance Authority**

Authority is granted to the Texas Health and Human Services Commission (HHSC) under Texas Health and Safety Code §467.001 to establish minimum criteria for peer assistance programs. We conduct a rolling review of all program documents, policies, and procedures to ensure we remain in compliance with the requirements listed in the Texas Administrative Code, Title 26, Chapter 8 “Peer Assistance Programs for Impaired Professionals.” Upon review this quarter we noted that there have been no changes to the criteria since January 2020 and the program remains in compliance.

**5. Wellness Presentations**

The Peer Assistance program delivered a wellness presentation in Dallas, Houston and in San Antonio this quarter. The presentation focused on skills and strategies for dealing with stress produced during conflict accompanied with insights on how ACAN provides additional skills and support. The program scheduled additional presentations in the spring.

**6. Alcohol Awareness Month**

April is Alcohol Awareness Month. ACAN will take this opportunity to deliver information about alcohol use disorder (AUD) and the adverse impact of alcohol misuse on health and society. Alcohol-related problems continue to take a heavy toll on individuals, families, and

communities. Researchers estimate that each year there are more than 178,000 alcohol-related deaths, making alcohol a leading preventable cause of death in the United States. In addition, more than 200 diseases and injury-related conditions are associated with alcohol misuse. The National Institute of Alcohol Abuse and Alcoholism ([NIAAA](#)) promotes their [Rethinking Drinking](#) website features interactive calculators as well as tips and strategies to cut down or quit drinking. The Alcohol Treatment Navigator walks individuals through the process of finding treatment options and recovery resources. Whether you are seeking more information about what alcohol use disorder is, are thinking about cutting back on alcohol, are a parent looking for information about how to talk to your child about alcohol, or a health care professional looking for how to help patients with alcohol-related problems,

**TXCPA Peer Assistance Program  
Performance Measures  
As Outlined in TSBPA contract  
Attachment A  
For the Three Months Ended February 29, 2024**

1. TSBPA Referrals – 7 Candidate, 3 Pledge Letters
2. Other Contacts - 8
3. Number of persons receiving services – 45
4. TSBPA Exam Candidates referrals receiving services – 25
5. TSBPA Licensees receiving services – 20.
6. Number of persons completing the ACAN Monitoring/Mentoring Program – 4
7. Number of ACAN Volunteers – 30

**TXCPA Peer Assistance Program  
Financial Information  
For the Quarter ending February 29, 2024**

<b><u>For the Three Months Ended</u></b>			<b>YTD</b>
<b><u>Summary of Expenses</u></b>	<b><u>11/30/23</u></b>	<b><u>2/29/24</u></b>	<b><u>Total</u></b>
Personnel	\$ 29,256	\$ 30,296	\$ 59,552
Network Training Meeting	26,750		26,750
Meetings and Travel	650	165	815
Administration	1,405	4,445	5,850
<b>TOTALS</b>	<b><u>\$ 58,061</u></b>	<b><u>\$ 34,906</u></b>	<b><u>\$ 92,967</u></b>

**Agenda Item VIII**

**Peer Assistance Oversight Committee**

**May 15, 2024**

D. Adjourn.

<p style="text-align: center;"><b>Agenda Item IX</b> <b>Behavioral Enforcement Committee Meeting</b> <b>January 4, 2024</b></p>
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The Behavioral Enforcement Committee met on Thursday, January 4, 2024, by video conference at 10:00 a.m.

**Members Present**

Jeannette P. Smith, CPA  
*Committee Chair*  
Susan I. Adams, CPA  
Jill A. Holup  
Bennett Allison, CPA  
Patrick Durio, CPA  
Phillip D. Johnson, CPA  
Robert Ogle 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:**

- **Investigation Nos. 23-09-07L & 23-09-08L:** Respondents allegedly failed to respond to a client in a timely manner and failed to either complete the engagement or refund fees to the client for work not completed. **(Board approval required)**

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



<p style="text-align: center;"><b>Agenda Item IX</b> <b>Behavioral Enforcement Committee Meeting</b> <b>May 1, 2024</b></p>
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The Behavioral Enforcement Committee met on May 1, 2024, by video conference and in person, at 10:00 a.m.

**Members Present**

Jeannette P. Smith, CPA  
*Committee Chair*  
Susan I. Adams, CPA  
Jill A. Holup  
Bennett Allison, CPA  
Patrick Durio, CPA  
Phillip D. Johnson, CPA  
Robert Ogle, 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 INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT OR THE RULES:**

- 1. Investigation Nos. 24-01-10L & 24-01-11L:** Respondents allegedly filed a return without giving the client a chance to review the return and the return was inaccurate. **(Board approval required)**
- 2. Investigation Nos. 23-11-10L & 23-11-11L:** Respondents allegedly billed a client for returns she prepared based upon transcripts she fraudulently obtained using a power of attorney she electronically signed. **(Board approval required)**
- 3. Investigation Nos. 24-01-08L & 24-01-09L:** Respondents allegedly failed to address or advise the client on how to address notices received from the IRS and the state of Louisiana regarding the client's returns. **(Board approval required)**
- 4. Investigation No. 24-01-05L:** Respondent allegedly failed to respond to a client regarding the status of his returns, failed to file a return for one of the client's LLCs, and left off depreciation of rental properties on the returns. **(Board approval required)**
- 5. Investigation Nos. 24-02-04L & 24-02-05L:** Respondents allegedly failed to complete an engagement to assist a client in a dispute with the IRS regarding the client's 2022 return which the client prepared. **(Board approval required)**

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

**Agenda Item X**  
**Technical Standards Review Committee**  
**April 3, 2024**

The Technical Standards Review Committee met on Wednesday, April 3, 2024, by video conference beginning at 10:00 a.m.

**Members Present**

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

**Members Absent**

**Staff Present**

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

**A. AFTER GIVING THIS MATTER DUE CONSIDERATION, THE COMMITTEE RECOMMENDS IT BE DISMISSED WITHOUT PREJUDICE BASED ON INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT OR THE BOARD'S RULES:**

- **Investigation No. 23-11-04L:** Respondent allegedly violated professional standards in its audit of an employee benefit plan. **(Board approval required)**

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



**Agenda Item XI**  
**Consideration of Agreed Consent Orders,**  
**Administrative Disciplinary Actions &**  
**Proposals for Decision**  
**May 16, 2024**

**A. AGREED CONSENT ORDERS**

**Behavioral Enforcement Committee**

1. Investigation No. 23-10-06L
2. Investigation Nos. 23-05-06L & 23-05-07L
3. Investigation No. 22-09-60L
4. Investigation No. 23-12-01L

**B. ADMINISTRATIVE DISCIPLINARY ACTIONS**

1. Investigation Nos. 23-12-10001 - 23-12-10072
2. Investigation Nos. 24-01-10001 - 24-01-10079
3. Investigation Nos. 23-12-10073 - 23-12-10277
4. Investigation Nos. 24-01-10080 - 24-01-10220
5. Investigation Nos. 23-12-10278 - 23-12-10295
6. Investigation Nos. 24-01-10221 - 24-01-10234

**C. PROPOSALS FOR DECISION**

1. Douglas Marshall McKelvey
2. Christiane Kathleen Irwin



Respondent entered into an ACO with the Board whereby Respondent would be reprimanded. In addition, Respondents must pay an administrative penalty of \$25,000 and \$819.70 in administrative costs. Respondent shall complete eight hours of CPE in the area of real estate tax, eight hours of CPE in the area of IRS representation and four hours of CPE in ethics.

The IRS determined entries on tax returns prepared by Respondent, while he held a majority share of the stock of the client, were not supportable and this failure contributed to additional taxes, penalties and interest being assessed against the client.

Respondent violated Board *Rule 501.74(b)* regarding the exercise of due professional care in the performance of professional services; as well as *Act Section 901.502(6)* regarding a violation of the *Rules of Professional Conduct*.

The BEC considered this matter during the meeting on October 18, 2023. Board members Susan I. Adams, CPA; Jill A. Holup; and Jeannette P. Smith, CPA were present.

## **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. 23-12-10001 - 23-12-10072

2. Investigation Nos. 24-01-10001 - 24-01-10079

### **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. 23-12-10073 - 23-12-10277

4. Investigation Nos. 24-01-10080 - 24-01-10220

**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. 23-12-10278 - 23-12-10295

6. Investigation Nos. 24-01-10221 - 24-01-10234

**C. PROPOSALS FOR DECISION**

**1. Investigation No.: 23-08-11L**

**Respondent:** Douglas Marshall McKelvey

**Certificate No.:** 052512

**Hometown:** Trophy Club, Texas

Respondent failed to respond to an offer of an ACO by Board staff revoking the certificate of Respondent in lieu of further disciplinary action. Respondent was convicted of money laundering for misappropriating at least \$1,500,000 of investor funds as a financial advisor. A hearing under Board Rule 519.24(f) was held before the executive director of the Board on March 29, 2024.

Board staff recommends that the certificate of Respondent be revoked, and that the Respondent be assessed an administrative penalty of \$10,000 and administrative costs of \$663.11.

Respondent violated Board Rules 501.90(2) regarding dishonesty, fraud or gross negligence; and 501.93 regarding responses; as well as Act Sections 901.502(2) regarding fraud, dishonesty, or gross negligence in the performance of services as a license holder; 901.502(6) regarding violations of a *Rule of Professional Conduct*; and 901.502(11) regarding conduct indicating a lack of fitness to serve the public as a professional accountant.

No Board committee considered this matter.

**2. Investigation No.: 23-09-01L**

**Respondent:** Christiane Kathleen Irwin  
**Certificate No.:** 110503  
**Hometown:** Rockwall, Texas

Respondent failed to respond to an offer of an ACO by Board staff revoking the certificate of Respondent in lieu of further disciplinary action. Respondent was convicted of wire fraud for misappropriating at least \$1,480,000 by inflating her salary from her employer. A hearing under Board *Rule 519.24(f)* was held before the executive director of the Board on March 29, 2024.

Board staff recommends that the certificate of Respondent be revoked, and that the Respondent be assessed an administrative penalty of \$10,000 and administrative costs of \$506.70.

Respondent violated Board *Rules 501.90(2)* regarding dishonesty, fraud or gross negligence; and *501.93* regarding responses as well as *Act Sections 901.502(2)* regarding fraud, dishonesty, or gross negligence in the performance of services as a license holder; *901.502(6)* regarding violations of a *Rule of Professional Conduct*; and *901.502(11)* regarding conduct indicating a lack of fitness to serve the public as a professional accountant.

No Board committee considered this matter.

**Agenda Item XII**  
**Ad Hoc Nominating Committee**  
**May 16, 2024**

- I. **DISCUSSION:** Ms. Espinoza-Riley, CPA, chair of the Ad Hoc Nominating Committee along with members Ms. Smith and Ms. Foshee, will make a report of the committee's recommendation of assistant presiding officer. The presiding officer will also entertain nominations from the floor.

Update to follow.

- II. **RECOMMENDATION:** That the Board approve the following slate of officers and Executive Committee members-at-large:

\_\_\_\_\_ Assistant Presiding Officer

- III. **SUGGESTED MOTION:** Motion to approve the new assistant presiding officer

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TSBPA Ad Hoc Nominating Committee Minutes April  
17, 2024 Virtual Meeting (via Zoom Meeting)  
Called to order at 4:30 PM CST by Chairperson Olivia Espinoza-Riley, CPA

**Attendance**

*Present:* Olivia Espinoza-Riley CPA; Rene D. Foshee, Esq., CPA; and Jeannette P. Smith, CPA

**Agenda**

On March 20, 2024 Mrs. Seefeld announced the formation of this Ad Hoc Nominating Committee to propose a new assistant presiding officer in accordance with *Section 901.055(b) of the Public Accountancy Act (Act)*. This committee will present our recommendations to the full Board at the May 16, 2024 meeting. See excerpt from the *Act* to follow:

***Sec. 901.055. OFFICERS; EXECUTIVE COMMITTEE.***

- (a) The governor shall designate a member of the board as presiding officer. The presiding officer serves in that capacity at the will of the governor.
- (b) The board shall annually elect from its members an assistant presiding officer, necessary to serve with the presiding officer on the executive committee.

**Discussion**

The committee considered the needs of the Executive Committee and after full discussion the committee unanimously agreed to recommend to the Board the following assistant presiding officer

**Recommendations**

Jeannette P. Smith, CPA

Assistant Presiding Officer

**Closing**

Chairperson Espinoza-Riley will provide the nominee to Mrs. Seefeld and Mr. Treacy so that the board members will have time to consider the nominees in advance of the May 16, 2024 Board meeting.



<p style="text-align: center;"><b>Agenda Item XIII</b> <b>Review of Future Meetings/Hearing Schedules</b> <b>May 16, 2024</b></p>
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- I. **DISCUSSION:** Schedule of dates for 2024 Board and committee meetings, hearings, and other activities are attached for your information.
- II. **RECOMMENDATION:** None by staff
- III. **SUGGESTED MOTION:** None by staff

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<p style="text-align: center;"><b>Agenda Item XIV</b> <b>Adjournment</b> <b>May 16, 2024</b></p>
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- I. **DISCUSSION:** The presiding officer will entertain a motion to adjourn.
- II. **RECOMMENDATION:** None required
- III. **SUGGESTED MOTION:** None required