

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: Mar 13, 2025 10:00 AM Central Time (US and Canada)

<https://www.zoomgov.com/j/1604307400?pwd=nnFlh60FiaaOwWm3p7gWwpi3taXJEm.1>

Meeting ID: 160 430 7400

Passcode: 157221

One tap mobile

+16468287666,,1604307400# US (New York)

Dial by your location

• +1 646 828 7666 US (New York)

Meeting ID: 160 430 7400

Texas State Board of Public Accountancy Meeting Schedule

	March 12, 2025		March 13, 2025
COMMITTEE	Qualifications	Executive/Rules	Board
TIME	10:00 AM	1:30 PM	10:00 AM
PLACE	HYBRID	HYBRID	HYBRID
LIAISON	HILLER	HILL/TREACY/SCHWIMMER-STAGGS	TREACY

ADAMS ¹			✓
COATES ¹		✓	✓
CRAWFORD ¹			✓
ESPINOZA-RILEY ¹		✓	✓
FOSHEE ¹	✓ (chair)	✓	✓
GARCIA ¹		✓	✓
GRANT ¹		✓	✓
HARTMANN ²	✓		
HOLUP ¹			✓
MERKET ¹			✓
NEUHOFF ¹			✓
PITMAN ²	✓		
SEEFELD ¹		✓ (executive chair)	✓ (chair)
SMITH ¹	✓	✓	✓
TRIPPON ¹	✓		✓
VALLÉS-PANKRATZ ¹	✓		✓
WILLIS ²	✓		
WARREN ¹		✓ (rules chair)	✓
ZOLTON ²	✓		

¹ Board Member

² Advisory Member

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

BOARD MEETING AGENDA

MARCH 13, 2025

I.	CALL TO ORDER AND ROLL CALL – 10:00 A.M., MARCH 13, 2025.....	I-1
II.	APPROVAL OF THE JANUARY 16, 2025 BOARD MEETING MINUTES.....	II-1
III.	PUBLIC COMMENT.....	III-1
IV.	CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE JOINT EXECUTIVE AND RULES COMMITTEE MEETING.....	IV-1

A. Discussion, consideration, and possible action concerning the Board *Rule*

1. *Section 2001.039* of the *Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's *Chapter 519 Rules (Practice and Procedure)* are presented to the committee for the committee's review and possible action.

2. Schedule next meeting

B. Discussion, consideration, and possible action on the Peer Review Oversight Board (PROB) annual report for 2024 including a recommendation to continue the Texas Society of CPAs and the AICPA/National Peer Review Committee (NPRC) as approved peer review sponsoring organizations.

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

D. Budget Plan for Fiscal Year 2026

E. Submission of the Delivery of Government Efficiency Report

F. *89th Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* – Update

G. Update of the Legacy System Modernization Project

H. Discussion, consideration, and possible action on a request for Monayi T. Jacob, CPA, P.C. to continue to operate following the death of the firm owner under Board *Rule 513.16 (Death or Incapacitation of Firm Owner)*.

I. Review of NASBA/AICPA matters

1. NASBA dates of interest

a. 30th Annual Conference for Board of Accountancy Legal Counsel, March 25 - 27, 2025 -Clearwater Beach, FL

b. 43rd Annual Conference for Executive Directors & Board Staff, March 25 - 27, 2025 - Clearwater Beach, FL

c. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA

d.	118 th Annual Meeting, October 26 - 29, 2025 - Chicago, IL	
2.	Joint AICPA/NASBA Committee Exposure Draft: Proposal Supporting Additional Path to CPA Licensure Open for Comment	
J.	Review of general correspondence	
V.	CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE QUALIFICATIONS COMMITTEE MEETING.....	V-1
A.	Report on the status of SB 262 – Senator Perry relating to eligibility requirements to practice public accountancy	
B.	Report on the Examination Fee Financial Aid Program	
C.	Discussion, consideration and possible action on the Applicant Reassessment Program involving outreach to colleges, and universities, study groups professional organizations and other resources	
D.	Discussion, consideration and possible action on Board <i>Rule 511.80 – Granting of Credit</i>	
E.	Discussion, consideration and possible action concerning ethics course requirements for CPA Certification	
F.	Review of correspondence	
VI.	DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION REGARDING THESE RECOMMENDATIONS FROM THE BEHAVIORAL ENFORCEMENT COMMITTEE.....	VI-1
	<u>February 11, 2025</u>	
A.	Dismissals – Insufficient Evidence	
1.	Investigation Nos. 24-12-01L & 24-12-02L	
2.	Investigation Nos. 24-11-01L & 24-11-02L	
3.	Investigation Nos. 24-11-03L & 24-11-04L	
B.	Other - Status Report	
VII.	REPORT OF THE TECHNICAL STANDARDS REVIEW COMMITTEE MEETING BY THE COMMITTEE CHAIR.....	VII-1
	<u>January 29, 2025</u>	
•	Other – Status Report	
VIII.	DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON PROPOSED AGREED CONSENT ORDERS AND ADMINISTRATIVE DISCIPLINARY ACTIONS.....	VIII-1
A.	<u>Behavioral Enforcement Committee</u>	
1.	Investigation No. 24-11-05L	
2.	Investigation No. 24-05-06L	
3.	Investigation No. 24-09-03L	
4.	Investigation Nos. 24-10-01L & 24-10-02L	

5. Investigation No. 25-01-05L
6. Investigation Nos. 14-1019L, 14-10-20L, 14-12-11L, 14-12-12L, 14-12-19L, 14-12-20L, 15-01-11L, 15-01-12L, 15-01-13L, 15-01-14L, 21-03-08T

B. Administrative Disciplinary Actions

1. Investigation Nos. 24-10-10001 - 24-10-10100
2. Investigation Nos. 24-11-10001 - 24-11-10082
3. Investigation Nos. 24-10-10101 - 24-10-10263
4. Investigation Nos. 24-11-10083 - 24-11-10238
5. Investigation Nos. 24-10-10264 - 24-10-10282
6. Investigation Nos. 24-11-10239 - 24-11-10254

IX. ADOPTION OF BOARD RULES.....IX-1

1. *Section 501.52 (Definitions)*
2. *Section 501.53 (Applicability of Rules of Professional Conduct)*
3. *Section 501.55 (Definition of Acronyms)*
4. *Section 501.60 (Auditing Standards)*
5. *Section 501.63 (Reporting Standards)*
6. *Section 501.79 (Transfer or Return of Files Resulting from the Sale, Transfer, Discontinuation or Acquisition of Practice) (New Rule)*
7. *Section 501.81 (Firm Licensing)*
8. *Section 501.90 (Discreditable Acts)*
9. *Section 501.93 (Responses)*
10. *Section 507.4 (Confidentiality)*

X. REVIEW OF FUTURE MEETING SCHEDULE.....X-1

XI. ADJOURNMENT.....XI-1

Agenda Item I
Call to Order and Roll Call
March 13, 2025

- I. **DISCUSSION:** The meeting will be called to order, *en banc*, by video conference or in-person at 10:00 a.m., March 13, 2025 in the Board's office, at which time the roll will be called.

RECOMMENDATION: None required.

SUGGESTED MOTION: None required.

<p style="text-align: center;">Agenda Item II Approval of the January 16, 2025 Minutes March 13, 2025</p>
--

- I. **DISCUSSION:** The enclosed minutes of the January 16, 2025 Board meeting were kept in accordance with established procedures and reflect the business conducted.

RECOMMENDATION: The staff recommends that the minutes of the January 16, 2025 Board meeting be approved as submitted/amended.

SUGGESTED MOTION: That the minutes of the January 16, 2025 Board meeting be approved as submitted/amended.

Texas State Board of Public Accountancy

January 16, 2025

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:33 a.m. on January 16, 2025. A notice of this meeting containing all items on the agenda, in accordance with *Section 551 of the Texas Government Code* was filed with the Office of the Secretary of State at 2:36 p.m. on January 7, 2025. (TRD #2025-000109) (**ATTACHMENT 1**)

Board Members Present

Susan I. Adams, CPA
Christopher "Grant" Coates
Kimberly D. "Kim" Crawford, CPA
Olivia Espinoza-Riley, CPA
Treasurer
Renee D. Foshee, Esq., CPA
Secretary
Jamie D. Grant
Executive Committee
Member-at-Large
Sherri B. Merket
Thomas M. Neuhoﬀ, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Assistant Presiding Officer
James "Jim" Trippon, CPA
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Members Absent

Ray R. Garcia, CPA
Excused
Jill A. Holup
Excused

Others Present

Gilbert Barrera
Ankur Chopra
Ali Fries
Mike Seefeld
Brian Thornton
Mark Vane

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Maria Lagunas
John Moore, Esq.
Brian O'Neal
Julie Prien
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
Tony Shumway
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. Warren moved to excuse the absence of Ray R. Garcia and Jill A. Holup from the Board meeting. Ms. Crawford seconded the motion and it passed unanimously.
- II. Mr. Trippon moved to approve the November 7, 2024 Board meeting minutes as presented. Ms. Smith 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 January 15, 2025 (video conference and in-person) Joint Executive and Rules Committee meeting.

Members Present

Christopher "Grant" Coates
Olivia Espinoza-Riley, CPA
Renee D. Foshee, Esq., CPA
Ray R. Garcia, CPA
Jamie D. Grant
Debra D. Seefeld, CPA
Presiding Officer
(In-person)
Jeannette P. Smith, CPA
Susan M. Warren, CPA
(In-Person)
Rules Committee Chair

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Feller
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Maria Lagunas
John Moore Esq.
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy

- A. Discussion, consideration, and possible action concerning the Board *Rules*.

1. Ms. Warren moved to re-adopt *Chapter 501 (Rules of Professional Conduct)* rules that are not proposed to be revised pursuant to *Section 2001.039 of the Texas Government Code* and to authorize

the executive director to publish proposed amendments to *Chapter 501* in the *Texas Register* for public comment. Ms. Merket seconded the motion and it passed unanimously. (ATTACHMENT 2)

2. Ms. Foshee moved that the Board authorize the executive director to publish the proposed amendments to *Board Rule 507.4 – (Confidentiality)* in the *Texas Register* for public comment. Mr. Trippon seconded the motion and it passed unanimously (ATTACHMENT 3)
 3. Ms. Warren informed the Board that the next committee meeting will be held March 12, 2025 at 1:30 p.m.
- B. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Crawford moved to approve the Board's financial statements as presented. Ms. Warren seconded the motion and it passed unanimously.

Mr. Treacy briefly announced that the agency has been notified about an upcoming audit by the State Auditor's Office. He also mentioned that adjustments to the Board's budget will be necessary to cover the cost of the audit.

- C. Ms. Smith moved to approve the Board's Equal Employment Opportunity Report - CY 2024 as presented. Ms. Vallés-Pankratz seconded the motion and it passed unanimously.
- D. Mr. Treacy presented the Board's Historically Underutilized Businesses (HUB) Expenditure Summary. After some consideration, he noted that the reports dating back to 1998 are redundant. Therefore, future reports will only present a summary for the last ten years. This report is for informational purposes only. No action is needed from the Board.
- E. Ms. Seefeld reported on the 89th *Texas Legislative Session*.

1. Ms. Seefeld made it clear that the Board had not taken a position on S.B. 262 or S.B. 522. Mr. Hill, general counsel, reported on proposed legislation possibly affecting this agency. Mr. Hill reported that S.B. 262, H.B. 1757 companion bill and S.B. 552, H.B. 1764 companion bill if passed, would amend the *Public Accountancy Act*. He also reported that S.B. 716, H.B. 587, H.B. 710 and 794, if passed, could affect this agency's licensing program.

Following a discussion, Mr. Neuhoﬀ moved and Ms. Crawford seconded the motion that the Board supports the passage of S.B. 262 and S.B. 522 or their companion bills. The motion passed with all attending Boards members in support of the motion except for Ms. Foshee who did not support the proposed two senate bills.

2. A motion was made by Mr. Trippon and seconded by Ms. Merket to designate Debra D. Seefeld, William Treacy, and J. Randel Hill to represent the Board in responding to legislative questions and possibly serve as resources witnesses during the 89th Session of the Texas Legislature. The motion passed unanimously.

- F. Ms. Seefeld reported on the following NASBA/AICPA matters:

- NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel
March 25 - 27, 2025, Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors and Board Staff
March 25 - 27, 2025, Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025, New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025, Chicago, IL.

- G. Ms. Seefeld reported on general correspondence coming to the Board's attention.

- V. Ms. Foshee, Qualifications Committee Chair, reported on the January 15, 2025 (video conference and in-person) Qualifications Committee meeting.

Members Present

Renee D. Foshee, Esq, CPA
Committee Chair
Marshall Pitman, Ph.D., CPA
James "Jim" Trippon, CPA
Veronda Willis, Ph.D., CPA
Kathy Zolton, CPA
Debra Seefeld, CPA
Ex Officio
(In-Person)
Jeannette P. Smith, CPA

Members Absent

Caroline Hartmann, CPA
Sheila Vallés-Pankratz

Others Present

Christopher "Grant" Coates
Thomas Neuhoff, CPA
Larry Stephens, CPA, Esq.

Staff Present

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

- A. Ms. Foshee provided an update on the Task Force's Report regarding the *Rules of Professional Conduct* Exam required for CPA certification. The report stated that the Task Force members completed the work. New exams are being developed using the questions that were written and vetted by the Task Force. The projected start date for the new *Rules of Professional Conduct* Exam is February 2025. Information only. No action is required.
 - B. Ms. Foshee reported that the committee has approved the Houston Community College courses ACNT 1382 and ACNT 2382 - Co-Op Accounting Education to satisfy the CPA licensing internship requirements outlined in Board *Rule 511.164*, and has instructed staff to inform the college of this approval.
 - C. Ms. Foshee reported that the committee reviewed information from Dr. Caroline Hartmann about competency-based courses at East Texas A&M University. Dr. Hartmann stated that these courses are not accepted by the College of Business toward the degree and do not meet the 24-hour business requirement. Staff will reach out to Texas flagship educational institutions to see if these courses are accepted for transfer. The committee also noted that some private and for-profit institutions might offer competency-based coursework, and they should gather more details about these. Staff will contact NASBA to learn its position on competency-based coursework and develop a quick poll to gather information from boards of accountancy.
 - D. Ms. Foshee reported that the committee discussed and took no action on the Board's work experience form. They decided to wait for additional information on three points: the legislative action on SB 262 regarding an additional alternate CPA Exam pathway, a report from NASBA on the proposed alternate CPA Exam and Certification Pathway, and the completion of the rule review related to work experience.
 - E. Ms. Foshee reported that the committee postponed action on the ethics matrix pending additional information. The ethics matrix aids educators in developing content for CPA certification ethics courses. The Board's enforcement committees may have insights into problem areas for new CPAs, and revisions to the ethics course content could address these. It was also suggested to include ethics in technology, AI, and confidentiality requirements in future courses.
 - F. Ms. Foshee reported that the committee reviewed a paper written by Charles Thomas, PhD, CPA, and presented to NASBA titled "A Longitudinal Analysis of Exam Performance and Seasonal Patterns of Large and Small Accounting Programs in Texas." This was an informational review only, with no action required. According to Ms. Foshee, it is the only report of its kind.
 - G. Ms. Foshee reported that the committee reviewed statistical information comparing CPA Exam applicants qualified under the 2003 and 2023 Acts in FY 24. They also provided exam results for Texas candidates using the new exam format. This was for information only, and no action is required.
 - H. Ms. Foshee reported that additional Prometric sites are now available in Dallas and Houston. Board staff is working on three CPA infographics that will be available in the future.
- VI. Ms. Espinoza-Riley, Licensing Committee chair, informed the Board on the upcoming swearing-in ceremony being held January 25, 2025 at the Palmer Events Center in Austin, Texas. We will have a total of 206 new CPAs in attendance and 23 fifty-year honorees. The following Board members will attend and participate in the ceremony: Ms. Crawford, Ms. Espinoza-Riley, Mr. Neuhoff, Ms. Seefeld, and Mr. Trippon.

- VII. Ms. Smith, Behavioral Enforcement Committee chair, reported on the following Behavioral Enforcement Committee meetings:

October 17, 2024 (video conference and in-person)

Members Present

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

Staff Present

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

A. Dismissals – Voluntary Compliance

Ms. Foshee moved to dismiss the following investigations based on voluntary compliance. Ms. Crawford seconded the motion and it passed. The above listed Board members on the BEC committee did not participate in any discussion or the vote.

- Investigation Nos. 24-08-06L¹, & 24-08-07L¹

- B. Other - The committee considered several other matters during its meeting; however, no action was required by the Board.

December 5, 2024

Members Present

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

Staff Present

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

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*. Mr. Trippon seconded the motion and it passed. The above listed Board members on the BEC committee did not participate in any discussion or the vote.

1. Investigation Nos. 24-09-01L¹ and 24-09-02L¹
2. Investigation Nos. 24-10-03L¹ and 24-10-04L¹

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

- VIII. Ms. Seefeld, Presiding Officer, reported on the November 20, 2024 (video conference and in-person) Technical Standards Review Committee meeting. The report required no Board action.

Members Present

Kimberly “Kim” Crawford, CPA
Douglas Koval, CPA
Ray R. Garcia, CPA
Committee Chair
Dilliana Stewart, CPA
Susan Warren, CPA

Member Absent

Sheila Vallés-Pankratz

Staff Present

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

Juliet Williams, CPA

- Other - The committee considered other matters during its meeting; however, no action was required by the Board.

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

A. **Agreed Consent Orders:**

Ms. Olivia Espinoza-Riley moved to approve the following ACOs as presented. Ms. Warren seconded the motion and it passed unanimously.

Behavioral Enforcement Committee

- **Investigation No.:** 24-07-09L¹ **Hometown:** Longview, TX
Respondent: Curtis Wayne Crane **Certificate No.:** 059304
Rule Violations: 501.90(4), 501.90(5)
Act Violations: 901.502(6), 901.502(10), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked and Respondent ordered to pay \$745.93 in administrative costs to be paid within 30 days of the date of the Board Order.

Respondent pleaded guilty to the 2nd degree felony Theft of Property<\$150,00>\$300,000 and was placed on 10 years' probation; and ordered to pay \$201,391 in restitution and complete 300 hours of community service. Respondent paid the restitution and was discharged from community supervision.

Mr. Trippon moved to approve the following ACOs as presented. Ms. Adams seconded the motion and it passed unanimously.

Technical Standards Review Committee

- Investigation No.:** 24-07-01L² **Hometown:** Houston, TX
Respondent: Malone Bailey, LLP **Firm License No.:** P05522
Rule Violations: 501.60, 501.90(7)
Act Violations: 901.502(6), 901.502(9), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was reprimanded and assessed an administrative penalty of \$50,000 and administrative costs of \$811.57 to be paid within 30 days of the date of the Board Order.

Respondent was sanctioned by the (PCAOB) for its failure to comply with PCAOB Rules and quality control standards in audits for the period 2018 through 2021. Respondent was censured; assessed a civil money penalty totaling \$400,000; and required to take remedial action.

- Investigation No.:** 23-11-08L² **Hometown:** Odessa, TX
Respondent: Ron Kirby, CPA **Firm License No.:** T07486
Rule Violation: 501.60
Act Violations: 901.502(6), 901.502(11)

Respondent entered into an ACO with the Board whereby Respondent was placed on limited scope prohibiting it from performing audits for entities regulated by the U.S. Department of Labor without a pre-issuance review.

Respondent issued audited financial statements for an employee benefit plan which failed to meet Generally Accepted Auditing Standards.

- Investigation Nos.:** 24-07-02L² & 24-07-03L² **Hometowns:** League City & Friendswood, TX
Respondents: James Robert Westerman & **Certificate No.:** 062220
Wrinkle, Gardner & Company, P.C. **Firm License No.:** C03117
Rule Violation: 501.60
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$2,500 and administrative costs of \$599.71 to be paid within 30 days of the date of the Board Order. Respondents are jointly and severally liable for the administrative penalty and administrative costs.

Respondents issued audited financial statements for an employee benefit plan which failed to meet Generally Accepted Auditing Standards

4. Investigation Nos.:	24-09-04L² & 24-09-05L²	Hometown:	Missouri City, TX
Respondents:	Jefferson Swenson & Jefferson W. Swenson, CPA LLC	Certificate No.:	071457
		Firm License No.:	C11766
Rule Violations:	501.60, 501.74(b), 501.81, 527.4		
Act Violations:	901.401, 901.460, 901.502(6), 901.502(11)		

Respondents entered into ACOs with the Board whereby Respondents were reprimanded and assessed an administrative penalty of \$10,000 and administrative costs of \$1,779.68 to be paid within 30 days of the date of the Board Order. In addition, Respondents were placed on limited scope requiring pre-issuance reviews of any audits, compilations and reviews until the Respondent Firm passes its next peer review. Respondents are required to notify all clients within 30 days of the date of the Board Order of any audits, compilations and reviews that were performed while the Respondents were not properly licensed and/or enrolled in a peer review program. Respondents are also required to remediate the invalid engagements within 60 days of the date of the Board Order by either reimbursing engagement fees paid to them by their client, or with the client's permission and pursuant to the limited scope conditions set forth in this order, reissuing the audit, review or compilation with a pre-issuance reviewer approved by the Chair of the TSR Committee.

Respondents issued audit reports, compilations and reviews when the Respondent Firm was not licensed and/or properly enrolled in a peer review program.

B. Administrative Disciplinary Actions:

Ms. Smith moved to approve the following Administrative Disciplinary Actions as presented. Ms. Merket 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 4)**

No Board committee considered these actions.

Investigation Numbers

1. 24-08-10001 - 24-08-10100
2. 24-09-10001 - 24-09-10072

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 5)**

No Board committee considered these actions.

Investigation Numbers

3. 24-08-10101 - 24-08-10275

4. 24-09-10073 - 24-09-10256

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 6)**

No Board committee considered these actions.

Investigation Numbers

5. 24-08-10276 - 24-08-10290

6. 24-09-10257 - 24-09-10285

X. Ms. Seefeld reviewed the meeting schedule for the year.

XI. Ms. Seefeld moved to adjourn. Ms. Foshee seconded the motion, and the meeting adjourned at 11:33 a.m.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Renee Foshee, Esq., CPA, Secretary

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

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

<p style="text-align: center;">Agenda Item III Public Comment March 13, 2025</p>

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

RECOMMENDATION: None required.

SUGGESTED MOTION: None required.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

- A. Discussion, consideration, and possible action concerning the Board *Rules*.
 - 1. *Section 2001.039* of the *Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's *Chapter 519 Rules (Practice and Procedure)* are presented to the committee for the committee's review and possible action.
 - 2. Schedule next meeting.
- B. Discussion, consideration, and possible action on the Peer Review Oversight Board (PROB) annual report for 2024 including a recommendation to continue the Texas Society of CPAs and the AICPA/National Peer Review Committee (NPRC) as approved peer review sponsoring organizations.
- C. Review and possible action on the Board's financial statements.
- D. Budget Plan for Fiscal Year 2026.
- E. Submission of the Delivery of Government Efficiency Report.
- F. *89th Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* – Update.
- G. Update of the Legacy System Modernization Project
- H. Discussion, consideration, and possible action of a request for Monayi T. Jacob, CPA, P.C. to continue to operate following the death of the firm owner under Board *Rule 513.16 (Death or Incapacitation of Firm Owner)*.
- I. Review of NASBA/AICPA matters:
 - 1. NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel, March 25 – 27, 2025 - Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors & Board Staff, March 25 – 27, 2025 - Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025 - Chicago, IL.

2. Joint AICPA/NASBA UAA Committee Exposure Draft: Proposal Supporting Additional Path to CPA Licensure Open for Comment

J. Review of general correspondence.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

A. Review and Discussion, consideration, and possible action concerning the Board
Rule

1. *Section 2001.039 of the Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's *Chapter 519 Rules (Practice and Procedure)* are presented to the committee for the committee's review and possible action.
2. Schedule next meeting.

1. *Section 2001.039 of the Texas Government Code* requires all state agencies to revise, repeal, or readopt all its rules every four years. The Board's *Chapter 519 (Practice and Procedure)* are presented to the committee for the committee's review and possible action.

DISCUSSION: This is the second *Chapter (519)* of rules being offered to the committee and the Board for consideration of "Rule Review." The *Chapter 519* rules identify the grounds for disciplinary actions, the procedures involved in a complaint investigation, contested case proceedings and reinstatement of a license. The proposed revisions are primarily for the purpose of updating the rules and clarification.

RECOMMENDATION: The staff recommends that the Rules/Executive Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision. There is no proposal for repeal of a rule.

SUGGESTED MOTION: That the Rules/Executive Committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.1 Purpose and Scope

4
5 Chapter 519 will govern the processes followed by the board in the investigation and
6 disposition of matters within the board's jurisdiction. These rules supplement, as
7 appropriate, the Rules of Practice and Procedure of SOAH.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.2 Definitions
4

5 In this chapter:

6 (1) "Address of record" means the last address provided to the board by a certificate or
7 registration holder pursuant to §501.93(d) §501.93 of this title (relating to Responses);

8 (2) "ALJ" means SOAH administrative law judge;

9 (3) "APA" means the Texas Administrative Procedure Act, Chapter 2001 of the Texas
10 Government Code;

11 (4) "Board staff" means the agency's employees;

12 (5) "Committee" means an enforcement committee of the board;

13 (6) "Complainant" means the person or entity who initiates a complaint with the board
14 against a certificate or registration holder;

15 (7) "Complaint" means information available to or provided to the board indicating that
16 a certificate or registration holder may have violated the Act, board rules, or order of
17 the board;

18 (8) "Contested case" means a proceeding, including a ratemaking or licensing or
19 disciplinary proceeding, in which the legal rights, duties, or privileges of a party are to
20 be determined by a state agency after an opportunity for adjudicative hearing;

21 (9) "Deferred Adjudication" means the judge deferred further proceedings without
22 entering an adjudication of guilt and placed the person under the supervision of the
23 court or an officer under the supervision of the court and at the end of the period of
24 supervision, the judge dismissed the proceedings and discharged the person;

25 (10) "Direct Administrative Costs" means those costs actually incurred by the board
26 through payment to outside vendors and the resources expended by the board in the
27 investigation and prosecution of a matter within the board's jurisdiction, including but
28 not limited to, staff salary, payroll taxes and benefits and other non-salary related
29 expenses, expert fees and expenses, witness fees and expenses, filing fees and
30 expenses of the support staff of the Office of the Attorney General, filing fees, SOAH
31 utilization fees, court reporting fees, copying fees, delivery fees, case management
32 fees, costs of exhibit creation, technical fees, travel costs and any other cost or fee that
33 can reasonably be attributed to the matter;

- 1 (11) "Petitioner" means the Texas State Board of Public Accountancy;
- 2 (12) "PFD" means the proposal for decision prepared by an ALJ;
- 3 (13) "Respondent" means a licensee or certificate holder, individual or entity against
- 4 whom a complaint has been filed; and
- 5 (14) "SOAH" means the State Office of Administrative Hearings.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.3 Computation of Time
4

5 In computing any period of time prescribed or allowed by this chapter, by order of the
6 board, or by any applicable statute, the period shall begin on the day after the act or
7 the event considered, and conclude on the last day of such computed period, unless it
8 be a Saturday, Sunday, or legal state holiday, in which event the period runs until the
9 end of the next day which is not a Saturday, Sunday, or legal state holiday. If the
10 triggering act or event is a written communication from the board that is sent by
11 registered or certified mail, courier or public delivery service, facsimile transmission, or
12 electronic transmission (such as e-mail), the act or event is deemed to have occurred
13 on the date such communication was mailed, delivered to a courier or delivery service,
14 faxed or e-mailed to the last address, e-mail address or facsimile number furnished to
15 the board by the recipient.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.4 Conduct and Decorum
4

5 (a) Every person, party, witness, attorney, or other representative appearing before the
6 board, board committee or board staff shall comport himself in all proceedings with
7 proper dignity, courtesy, and respect for the board, the executive director, and all other
8 participants. Disorderly conduct will not be tolerated. Attorneys and other
9 representatives of parties shall observe and practice the standards of ethical behavior
10 prescribed for attorneys at law by the State Bar of Texas.

11 (b) Any person engaging in disorderly conduct or communicating with board members in
12 violation of the prohibitions on ex parte communications may be excluded from any
13 board, committee or staff proceeding and treated as if defaulting on obligations to the
14 board.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.5 Ex Parte Consultations
4

5 Unless required for the disposition of ex parte matters as authorized by law, board
6 members assigned to render a decision or make findings of fact and conclusions of law
7 in a contested case may not communicate, directly or indirectly, in connection with any
8 issue of fact or law with any state agency, person, party or his representative, except on
9 notice and with opportunity for all parties to participate.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.6 Subpoenas
4

5 (a) The executive director or his designated representative is delegated authority,
6 pursuant to §901.166 of the Act (relating to Authority to Issue Subpoena, Administer
7 Oath, and Receive Evidence) to issue subpoenas to compel the attendance of a
8 candidate, applicant, licensee or any other relevant witness or to compel the production
9 of relevant documents, records and other materials, maintained by electronic or other
10 means in the furtherance of the investigation of any matter within the jurisdiction of the
11 board. The executive director or his designated representative may administer oaths
12 and take testimony and other evidence from any person who is the subject of a
13 subpoena issued under this section in the furtherance of the investigation of any matter
14 within the jurisdiction of the board.

15 (b) The executive director or his designated representative is delegated authority to
16 issue subpoenas authorized by the APA in contested cases and the Act.

17 (c) A candidate, applicant, licensee or any other relevant witness may be deposed at
18 the board's offices in Austin, Texas. If the deponent is not a party to a contested case,
19 the board will reimburse the deponent for reasonable expenses incurred to attend the
20 deposition in accordance with §2001.103 of the Texas Government Code. Any
21 deponent may seek a protective order concerning the place of deposition on grounds
22 stated in Texas Rule of Civil Procedure §192.6.

23 (d) Interpretive Comment. This section should be read in conjunction with §501.93 of
24 this title (relating to Responses).

CHAPTER 519 Practice and Procedure
SUBCHAPTER A GENERAL PROVISIONS
RULE §519.7 Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a Person from Receiving a License

(a) Final conviction or placement on deferred adjudication for a felony, or final conviction or placement on deferred adjudication for the following misdemeanors, may subject a licensee or certificate holder to disciplinary action pursuant to §501.90 of this title (relating to Discreditable Acts) or disqualify a person from receiving a license or certificate, or deny a person the opportunity to take the UCPAE pursuant to §511.70 of this title (relating to Grounds for Disciplinary Action of Applicants). Licensees and certificate holders are often placed in a position of trust with respect to client funds and assets. The public including the business community relies on the integrity of licensees and certificate holders in providing professional accounting services or professional accounting work. The board considers a conviction or placement on deferred adjudication for a felony or conviction or placement on deferred adjudication for the following misdemeanor offenses to be evidence of an individual lacking the integrity necessary to be trusted with client funds and assets. The repeated failure to follow state and federal criminal laws directly relates to the integrity required to practice public accountancy. The board has determined that the following list of misdemeanor offenses evidence violations of law that involve integrity and directly relate to the duties and responsibilities involved in providing professional accounting services or professional accounting work, pursuant to the provisions of Chapter 53 of the Occupations Code:

(1) dishonesty or fraud:

(A) Unlawful Use of Criminal Instrument;

(B) Unlawful Access to Stored Communications;

(C) Illegal Divulgence of Public Communications;

(D) Burglary of Coin-Operated or Coin Collection Machines;

(E) Burglary of Vehicles;

(F) Theft;

(G) Theft of Service;

(H) Tampering with Identification Numbers;

(I) Theft of or Tampering with Multichannel Video or Information Services;

- 1 (J) Manufacture, Distribution, or Advertisement of Multichannel Video or Information
- 2 Services Device;
- 3 (K) Sale or Lease of Multichannel Video or Information Services Device;
- 4 (L) Possession, Manufacture, or Distribution of Certain Instruments Used to Commit
- 5 Retail Theft;
- 6 (M) Forgery;
- 7 (N) Criminal Simulation;
- 8 (O) Trademark Counterfeiting;
- 9 (P) Stealing or Receiving Stolen Check or Similar **Sight Order** SightOrder;
- 10 (Q) False Statement to Obtain Property or Credit or in the Provision of Certain Services;
- 11 (R) Hindering Secured Creditors;
- 12 (S) Fraudulent Transfer of a Motor Vehicle;
- 13 (T) Credit Card Transaction Record Laundering;
- 14 (U) Issuance of a Bad Check;
- 15 (V) Deceptive Business Practices;
- 16 (W) Rigging Publicly Exhibited Contest;
- 17 (X) Misapplication of Fiduciary Property or Property of Financial Institution;
- 18 (Y) Securing Execution of Document by Deception;
- 19 (Z) Fraudulent Destruction, Removal, or Concealment of Writing;
- 20 (AA) Simulating Legal Process;
- 21 (BB) Refusal to Execute Release of Fraudulent Lien or Claim;
- 22 (CC) Fraudulent, Substandard, or Fictitious Degree;
- 23 (DD) Breach of Computer Security;
- 24 (EE) Unauthorized Use of Telecommunications Service;
- 25 (FF) Theft of Telecommunications Service;
- 26 (GG) Publication of Telecommunications Access Device;
- 27 (HH) Insurance Fraud;
- 28 (II) Medicaid Fraud;
- 29 (JJ) Coercion of Public Servant or Voter;
- 30 (KK) Improper Influence;
- 31 (LL) Acceptance of Honorarium (by restricted government employees);
- 32 (MM) Gift to Public Servant by Person Subject to his Jurisdiction;

1 (NN) Offering Gift to Public Servant;
2 (OO) Perjury;
3 (PP) False Report to Police Officer or Law Enforcement Employee;
4 (QQ) Tampering with or Fabricating Physical Evidence;
5 (RR) Tampering with Governmental Record;
6 (SS) Fraudulent Filing of Financial Statement;
7 (TT) False Identification as Peace Officer;
8 (UU) Misrepresentation of Property;
9 (VV) Record of a Fraudulent Court;
10 (WW) Bail Jumping and Failure to Appear;
11 (XX) False Alarm or Report;
12 (YY) Engaging in Organized Criminal Activity;
13 (ZZ) Violation of Court Order Enjoining Organized Criminal Activity;
14 (AAA) Failing to file license holder's own tax return; and
15 (BBB) Evading arrest;
16 (2) moral turpitude:
17 (A) Public Lewdness;
18 (B) Indecent Exposure;
19 (C) Enticing a Child;
20 (D) Improper Contact with Victim;
21 (E) Abuse of Corpse;
22 (F) Prostitution;
23 (G) Promotion of Prostitution;
24 (H) Obscene Display or Distribution;
25 (I) Obscenity;
26 (J) Sale, Distribution, or Display of Harmful Material to Minor; and
27 (K) Employment Harmful to Children;
28 (3) alcohol abuse or controlled substances:
29 (A) Possession of Substance in Penalty Group 3 (less than 28 grams), under the Texas
30 Health and Safety Code;
31 (B) Possession of Substance in Penalty Group 4 (less than 28 grams), under the Texas
32 Health and Safety Code;

(C) Manufacture, Delivery, or Possession with Intent to Deliver Miscellaneous Substances, under the Texas Health and Safety Code;

(D) Manufacture, Delivery, or Possession of Miscellaneous Substances, under the Texas Health and Safety Code;

(E) Delivery of Marijuana, under the Texas Health and Safety Code;

(F) Possession of Marijuana, under the Texas Health and Safety Code;

(G) Possession or Transport of Certain Chemicals with Intent to Manufacture Controlled Substance (for substance listed in a Schedule but not in a Penalty Group), under the Texas Health and Safety Code;

(H) Possession or Delivery of Drug Paraphernalia, under the Texas Health and Safety Code;

(I) Obstructing Highway or Other Passageway; and

(J) Any misdemeanor involving intoxication under the influence of alcohol or a controlled substance.

(4) physical injury or threats of physical injury to a person:

(A) Assault;

(B) Deadly Conduct;

(C) Terroristic Threat; and

(D) Leaving a Child in a Vehicle.

(b) A licensee or certificate holder is often placed in a position of trust with respect to client funds; and the public, including the business community, relies on the integrity of licensees and certificate holders in preparing reports and providing professional accounting services or professional accounting work. The board considers repeated violations of criminal laws to relate directly to a licensee or certificate holder providing professional accounting services or professional accounting work.

(c) A conviction or placement on deferred adjudication for a violation of any state or federal law that is equivalent to an offense listed in subsection (a)(1) - (4) of this section is considered to directly relate to a licensee or certificate holder providing professional accounting services or professional accounting work and may subject a certificate or registration holder to discipline by the board.

- 1 (d) Misdemeanor convictions in another state will be analyzed by the general counsel to
- 2 determine if such out of state misdemeanor has an equivalency to Texas law prior to
- 3 opening a complaint investigation.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.8 Administrative Penalties
4

5 (a) The board may impose an administrative penalty alone or in addition to other
6 sanctions permitted under the Act. Board committees and the executive director are
7 delegated the authority to determine if any alleged violation warrants an administrative
8 penalty under Subchapter L of the Act.

9 (b) The report of any such determination may be included in a notice of hearing.

10 (c) A request for a hearing under §901.554 of the Act (relating to Penalty to be Paid or
11 Hearing Requested) shall clearly notify the staff that the hearing must address issues
12 relevant to the assessment of an administrative penalty by including the language
13 "RESPONDENT SPECIFICALLY REQUESTS A HEARING ON ADMINISTRATIVE
14 PENALTIES" in capital letters. Failure to include such language shall be a waiver of the
15 right to a hearing within the meaning of §901.554 of the Act.

16 (d) Pursuant to §901.551 of the Act (relating to Imposition of Administrative Penalty):

17 (1) the board imposes an administrative penalty on licensees or certificate holders who,
18 in violation of §901.411 of the Act (relating to Continuing Professional Education):

19 (A) do not complete at least 120 hours of CPE in each three-year license period;

20 (B) do not complete at least 20 hours in each one-year license period;

21 (C) do not comply with board rules for the reporting of CPE; or

22 (D) fail to complete or report sufficient ethics hours as required by §523.112 of this title
23 (relating to Required CPE Participation);

24 (2) considering the seriousness of violation of §901.411 of the Act, the hazard and
25 potential hazard to the public from CPAs who are not trained in current accounting
26 standards and practices, the amount necessary to deter future violations, and such
27 other matters as the board considers justice may require, the administrative penalty for
28 the violations described in paragraph (1) of this subsection is a minimum of \$100 per
29 licensee or certificate holder per license period;

30 (3) the penalty may be assessed only on licensees or certificate holders against whom a
31 final board order is issued.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.9 Administrative Penalty Guidelines
4

5 (a) The following table contains guidelines for the assessment of administrative
6 penalties in disciplinary matters. In determining whether a violation is minor, moderate
7 or major, the board will apply the factors to be considered set forth in §901.552(b) of the
8 Act (relating to Amount of Penalty). In all cases where the board has determined a
9 violation has occurred, administrative costs may be assessed, regardless of any other
10 sanction imposed by the board.

11 [Attached Graphic](#)

12 (b) The amounts specified in subsection (a) of this section are guidelines only. The
13 board retains the right to increase or decrease the amount of an administrative penalty
14 based on the circumstances of each case it considers.

Figure: 22 TAC §519.9(a)

No.	Violation	Citation	Administrative Penalty Range
1	Failure to follow Generally Accepted Auditing Standards; Yellow Book Auditing Standards; AICPA Auditing Standards; and other auditing standards.	22 TEX. ADMIN. CODE §§501.60 & 501.74; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
2	Failure to follow Generally Accepted Accounting Principles	22 TEX. ADMIN. CODE §§501.53, 501.61 & 501.74; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
3	Failure to follow other Professional Standards (e.g. Compilation Standards)	22 TEX. ADMIN. CODE §§501.62 & 501.74; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
4	Lack of independence	22 TEX. ADMIN. CODE §§501.70 & 501.73 TEX. OCC. CODE §§901.458, 901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
5	Violation of rules regarding receipt of commission, compensation, or other benefit	22 TEX. ADMIN. CODE §501.71; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
6	Violation of rules regarding contingency fees	22 TEX. ADMIN. CODE §501.72; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.

7	Lack of integrity and objectivity	22 TEX. ADMIN. CODE §501.73; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
8	Incompetence	22 TEX. ADMIN. CODE §501.74; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
9	Breach of confidential client communications	22 TEX. ADMIN. CODE §501.75; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
10	Failure to return client records or client's portion of work papers	22 TEX. ADMIN. CODE §501.76; TEX. OCC. CODE §§901.502(6) & 901.502(11)	\$0 to \$25,000 per violation.
11	Acting through others	22 TEX. ADMIN. CODE §501.77 (AND THE RULE VIOLATED BY THE ACTOR); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
12	Practicing without a license	22 TEX. ADMIN. CODE §501.80; TEX. OCC. CODE §§901.401, 901.453, 901.456, 901.502(6) & 901.502(11)	\$0 to \$25,000 per violation.
13	Practicing through an unregistered entity	22 TEX. ADMIN. CODE §501.81; TEX. OCC. CODE	\$0 to \$25,000 per violation.

		§§901.401, 901.502(6) & 901.502(11)	
14	False, fraudulent, misleading, or deceptive advertising	22 TEX. ADMIN. CODE §501.82; TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$1,000 per violation. Moderate: \$1,000 to \$50,000 per violation. Major: \$50,000 to \$100,000 per violation.
15	Improper firm name	22 TEX. ADMIN. CODE §501.83; TEX OCC. CODE §§901.502(6) & 901.502(11)	\$0 to \$10,000 per violation.
16	Improper form of practice	22 TEX. ADMIN. CODE §501.84; TEX. OCC. CODE §§901.502(6) & 901.502(11)	\$0 to \$10,000 per violation.
17	Committing discreditable acts (1) fraud or deceit in obtaining a certificate as a CPA or in obtaining registration under the Act or in obtaining a license to practice public accounting	22 TEX. ADMIN. CODE §501.90(1); TEX. OCC. CODE §§901.502(1), 901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
18	Committing discreditable acts (2) dishonesty, fraud or gross negligence in the practice of public accountancy	22 TEX. ADMIN. CODE §501.90(2); TEX. OCC. CODE §§901.502(2), 901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
19	Committing discreditable acts (3) violation of any of the provisions of Subchapter J or	22 TEX. ADMIN. CODE §501.90(3); TEX. OCC. CODE §§901.502(5),	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.

	§901.458 of the Act (relating to Loss of Independence) applicable to a person certified or registered by the board	901.502(6) & 901.502(11)	
20	Committing discreditable acts (4) final conviction of a felony or imposition of deferred adjudication or community supervision in connection with a criminal prosecution of a felony under the laws of any state or the United States	22 TEX. ADMIN. CODE §501.90(4); TEX. OCC. CODE §§901.502(6), 901.502(10), & 901.502(11) TEX. OCC. CODE CHAP. 53	\$0 to \$100,000 per violation.
21	Committing discreditable acts (5) final conviction of any crime or imposition of deferred adjudication or community supervision in connection with a criminal prosecution, an element of which is dishonesty or fraud under the laws of any state or the United States; a criminal prosecution for a crime of moral turpitude; a criminal prosecution involving alcohol abuse or controlled substances; or a criminal prosecution for a crime involving physical harm or the threat of physical harm	22 TEX. ADMIN. CODE §501.90(5) & §519.7; TEX. OCC. CODE §§901.502(6), 901.502(10), & 901.502(11)	\$0 to \$100,000 per violation.
22	Committing discreditable acts	22 TEX. ADMIN. CODE §501.90(6);	\$0 to \$100,000 per violation.

	(6) cancellation, revocation, suspension or refusal to renew authority to practice as a CPA or a public accountant by any other state for any cause other than failure to pay the appropriate registration fee in such other state	TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), & 901.502(11)	
23	Committing discreditable acts (7) suspension or revocation of or any consent decree concerning the right to practice before any state or federal regulatory or licensing body for a cause which in the opinion of the board warrants its action	22 TEX. ADMIN. CODE §501.90(7); TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
24	Committing discreditable acts (8) a conviction or final finding of unethical conduct by state or federal agencies or boards, local governments or commissions for violations of laws or rules on ethics by licensees that engage in activities regulated by those entities including but not limited to: the Public Company Accounting Oversight Board,	22 TEX. ADMIN. CODE §501.90(8); TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.

	Internal Revenue Service, U.S. Securities and Exchange Commission, U.S. Department of Labor, U.S. General Accounting Office, U.S. Housing and Urban Development, Texas State Auditor, Texas Comptroller of Public Accounts, Texas Securities Board, Texas Department of Insurance, and the Texas Secretary of State;		
25	Committing discreditable acts (9) knowingly participating in the preparation of a false or misleading financial statement or tax return	22 TEX. ADMIN. CODE §501.90(9); TEX. OCC. CODE §§901.502(2), 901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
26	Committing discreditable acts 10 fiscal dishonesty or breach of fiduciary responsibility of any type	22 TEX. ADMIN. CODE §501.90(10); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
27	Committing discreditable acts (11) failure to comply with a final order of any state or federal court	22 TEX. ADMIN. CODE §501.90(11); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
28	Committing discreditable acts (12) repeated failure to	22 TEX. ADMIN. CODE §501.90(12);	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation.

	respond to a client's inquiry within a reasonable time without good cause	TEX. OCC. CODE §§901.502(6) & 901.502(11)	Major: \$75,000 to \$100,000 per violation.
29	Committing discreditable acts (13) intentionally misrepresenting facts or making a misleading or deceitful statement to a client, employer, the board, board staff or any person acting on behalf of the board	22 TEX. ADMIN. CODE §501.90(13); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
30	Committing discreditable acts (14) giving intentional false sworn testimony or perjury in court or in connection with discovery in a court proceeding or in any communication to the board or board staff, or any other federal or state regulatory or licensing body	22 TEX. ADMIN. CODE §501.90(14); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
31	Committing discreditable acts (15) threats of bodily harm or retribution to a client	22 TEX. ADMIN. CODE §501.90(15); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
32	Committing discreditable acts (16) public allegations of a lack of mental capacity of a client which cannot be supported in fact	22 TEX. ADMIN. CODE §501.90(15); TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.

33	<p>Committing discreditable acts</p> <p>(17) voluntarily disclosing information communicated to the person by an employer, past or present, or through the person's employment in connection with accounting services rendered to the employer, except:</p> <p>(A) by permission of the employer;</p> <p>(B) pursuant to the Government Code, Chapter 554 (commonly referred to as the "Whistle Blowers Act");</p> <p>(C) pursuant to:</p> <p>(i) a court order signed by a judge; or</p> <p>(ii) a summons:</p> <p>(I) under the provisions of the Internal Revenue Code of 1986 and its subsequent amendments,</p> <p>(II) the Securities Act of 1933 (15 U.S.C. §77a et seq.) and its subsequent amendments, or</p> <p>(III) the Securities Exchange Act of 1934 (15 U.S.C. §78a et seq.) and its subsequent amendments;</p> <p>(D) in an investigation or proceeding by the board;</p> <p>(E) in an ethical</p>	<p>22 TEX. ADMIN. CODE §501.90(17);</p> <p>TEX. OCC. CODE §§901.502(6) & 901.502(11)</p>	<p>Minor: \$0 to \$25,000 per violation.</p> <p>Moderate: \$25,000 to \$75,000 per violation.</p> <p>Major: \$75,000 to \$100,000 per violation.</p>
----	---	--	--

	investigation conducted by a professional organization of CPAs; (F) in the course of a peer review under §901.159 of the Act (relating to Peer Review); or (G) any information that is required to be disclosed by the professional standards for reporting on the examination of a financial statement.		
34	Committing discreditable acts (18) breaching the terms of an agreed consent order entered by the board or violating any Board Order	22 TEX. ADMIN. CODE §501.90(18); TEX. OCC. CODE §§901.502(6), 901.502(11) & 901.502(12)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
35	Failure to report reportable events	22 TEX. ADMIN. CODE §501.91 TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$25,000 per violation. Moderate: \$25,000 to \$75,000 per violation. Major: \$75,000 to \$100,000 per violation.
36	Filing a frivolous complaint	22 TEX. ADMIN. CODE §501.92 TEX. OCC. CODE §§901.502(6) & 901.502(11)	\$0 to \$10,000 per violation.
37	Failure to respond to Board communications	22 TEX. ADMIN. CODE §501.93 TEX. OCC. CODE §§901.502(6) & 901.502(11)	Minor: \$0 to \$1,000 per violation. Moderate: \$1,000 to \$50,000 per violation. Major: \$50,000 to \$100,000 per violation.
38	Failure to satisfy peer review requirements	22 TEX. ADMIN. CODE §527.4	Minor: \$0 to \$1,000 per violation.

		TEX. OCC. CODE §§901.502(11) & 901.502(12)	Moderate: \$1,000 to \$50,000 per violation. Major: \$50,000 to \$100,000 per violation.
<u>39</u>	<u>Failure to submit to Board Peer Review Report and Report resulting from PROB inspections</u>	<u>22 TEX. ADMIN. CODE §527.6</u> <u>TEX. OCC. CODE §901.502(12)</u>	<u>Minor: \$0 to \$1,000 per violation.</u> <u>Moderate: \$1,000 to \$50,000 per violation.</u> <u>Major: \$50,000 to \$100,000 per violation.</u>

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.10 Extraordinary Cooperation
4

5 Extraordinary cooperation by an individual or firm licensee prior to or during a board
6 investigation can be considered by the enforcement committee as the enforcement
7 committee makes its determination on the need for sanctions. Extraordinary cooperation
8 is voluntary and timely action beyond compliance with legal or regulatory obligations. It
9 may consist of voluntary self-reporting, remedial or corrective action or substantial
10 assistance to the board's investigative process or other enforcement authorities. If self-
11 reporting is required by legal or regulatory obligations, it is not voluntary and is not
12 considered extraordinary cooperation. The board recognizes the need to strike a
13 balance between encouraging cooperation, which is a primary purpose of this rule,
14 while maintaining accountability for conduct that violates board rules.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.11 Cooperation with Regulatory Bodies
4

5 The board, pursuant to §901.160(e) of the Act (relating to Availability and Confidentiality
6 of Certain Board Files), may disclose information that is confidential under §901.160(c)
7 of the Act to a governmental, regulatory or law enforcement agency if the requesting
8 agency makes the request in writing and states that it is involved in an enforcement
9 action.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.12 Emergency Suspension
4

5 (a) Whenever the board, through its executive committee, determines that a licensee or
6 certificate holder is engaged in or about to engage in an act of fraud or a violation of the
7 Act and the licensee's or certificate holder's continued practice constitutes an immediate
8 threat to the public welfare, the board, through its executive committee, may issue an
9 order temporarily suspending the licensee's or certificate holder's license without notice
10 and without a hearing. An order temporarily suspending a license issued by the
11 executive committee must be ratified by the board at its next regularly scheduled
12 meeting.

13 (b) "Immediate threat to the public welfare" means a real and present danger to clients
14 caused through the licensee's or certificate holder's lack of competence, impaired
15 status, or failure to adequately service clients. A "real and present danger" exists if
16 clients have a likely exposure to or significant risk of loss of funds or records or financial
17 injury and is based on actual actions or inactions of the licensee or certificate holder.
18 The executive committee may consider information that the licensee or certificate holder
19 previously committed similar actions or inactions in determining whether the licensee or
20 certificate holder poses an immediate threat to commit such actions or inactions in the
21 future.

22 (c) Pursuant to Chapter 551 of the Texas Government Code (relating to Open
23 Meetings), the executive committee may hold a meeting by telephone conference call if
24 immediate action is required and the convening at one location of the executive
25 committee is difficult or impossible. Whenever possible, the executive committee will
26 attempt to provide the licensee or certificate holder with notice and an opportunity to be
27 present at the emergency suspension proceeding.

28 (d) The determination of the executive committee may be based not only on evidence
29 admissible under the Texas Rules of Evidence, but may be based on information of a
30 type on which a reasonably prudent person commonly relies in the conduct of the
31 licensee's or certificate holder's affairs. Presentations by the parties may be based on
32 evidence or information and shall not be excluded on objection of a party unless
33 determined by the chair that the evidence or information is clearly irrelevant or unduly

1 inflammatory in nature; however, objections by a party may be noted for the record.
2 Witnesses may provide sworn statements in writing or verbally and may choose to
3 provide statements that are not sworn. However, whether a statement is sworn may be
4 a factor to be considered by the executive committee in evaluating the weight to be
5 given to the statement. Questioning of witnesses by board staff, the respondent or
6 executive committee members is under the control of the executive committee chair.
7 (e) The executive committee shall immediately serve notice of the suspension on the
8 licensee or certificate holder in accordance with §901.5045(b) of the Act (relating to
9 Emergency Suspension). The suspended licensee or certificate holder shall be provided
10 the opportunity to request a hearing in accordance with §901.5045(c) of the Act. The
11 hearing shall be conducted in the manner of a contested case pursuant to the Act, the
12 APA, the board's rules and SOAH's rules; provided that time limits provided in
13 §901.5045(c) of the Act shall control. At the close of the hearing, the ALJ shall
14 recommend to the executive committee whether to uphold, vacate or modify the
15 suspension order. If the ALJ's recommendation is to vacate the emergency suspension
16 order, the executive committee shall determine whether to adopt that recommendation
17 no later than the second business day after it receives that recommendation.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §519.13 Direct Administrative Costs
4

5 (a) The Texas Legislature does not appropriate funds to finance the operations of the
6 board. Instead, the board is funded by licensing fees and other sources and is
7 responsible for all direct and indirect costs of operations. It is the policy of the board to
8 impose all direct administrative costs against the persons responsible for the costs of
9 enforcement as opposed to being assessed against the licensing fees collected from
10 license holders in compliance with the Act in the absence of a waiver of these costs for
11 good cause.

12 (b) Direct administrative costs are defined in §519.2(10) of this chapter (relating to
13 Definitions) and the board will use this definition in determining the direct administrative
14 costs of an enforcement action. The direct administrative costs will not exceed the
15 actual costs of the criteria established in §519.2(10) of this chapter.

16 (c) The board staff is responsible for proving the amount and method of assessing the
17 direct administrative costs being presented in a proceeding before an ALJ at SOAH and
18 when presented to the board for the board's final decision. The costs will be
19 documented by the staff recording the time they devote to each enforcement action.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.20 Complaints
4

5 (a) Written complaints should contain information necessary for the proper processing
6 of the complaint by the board, including:

- 7 (1) complainant's name, address, email when available, and phone number;
8 (2) name, address, email and phone number of the licensee or certificate holder against
9 whom the complaint is filed;
10 (3) description of the alleged violation;
11 (4) supporting information and factual evidence;
12 (5) names and addresses of witnesses; and
13 (6) sources of other pertinent information.

14 (b) The board has discretion whether or not to open an investigative file. A complaint
15 that does not contain all of the information requested in subsection (a) of this section
16 may be pursued if the missing information can be obtained from another source. For the
17 board to proceed it must have jurisdiction over the person and the subject matter. Once
18 the board has received a complaint, board staff shall conduct an initial screening of the
19 complaint within 30 days. The board staff shall notify the complainant whether or not the
20 board will proceed with an investigation.

21 (c) The board may accept anonymous complaints. Anonymous complaints may not be
22 investigated if insufficient information is provided, the allegations are vague, appear to
23 lack factual foundation, or cannot be proved for lack of a witness or other evidence.

24 (d) The board will periodically provide an update on the status of the complaint
25 investigation to the complainant when there has been a substantive change of status. A
26 substantive change would include the scheduling of the complaint investigation before
27 an enforcement committee, the execution of an agreed consent order, a decision to
28 refer the matter to litigation for prosecution at SOAH, any subsequent settlement
29 agreement and the issuance of a proposal for decision.

30 (e) The board may open a complaint investigation on:

- 31 (1) an individual licensee and the individual's firm when it has evidence that the
32 individual licensee participated in a possible violation of the Act or board rule; and

1 (2) a firm when there is evidence that the firm, in the practice of public accountancy,
2 may have caused harm to a Texas resident or entity.
3 (f) Interpretive comment: The CPA firm may contact the board to determine if there is a
4 nexus to Texas regarding the issue in subsections (e)(1) and (e)(2) of this section. The
5 board will not open a complaint investigation on a firm unless the firm, in the practice of
6 public accountancy, has caused harm to a person or entity located in Texas.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.21 Investigations
4

5 (a) A board investigative file may be opened when the board determines that there may
6 be a potential violation of the Act, board rules, or board order and the subject matter of
7 the complaint is within the board's jurisdiction.

8 (b) The board may open an investigative file on its own initiative.

9 (c) A licensee or certificate holder shall cooperate with the board in its investigation of a
10 complaint. The respondent will receive notice of the investigation by certified mail return
11 receipt requested at the respondent's mailing address on file with the board. Upon
12 notice of an investigation from the board, the respondent shall respond to the
13 investigation and any request by the board for information or records concerning the
14 investigation in accordance with §501.93 of this title (relating to Responses).

15 (d) The respondent must provide the board with a detailed response to each allegation
16 and the request for background information contained in the notice of investigation. The
17 response must be in writing and delivered to the board within 30 days of the date of the
18 notice of the investigation. The respondent's response may include any additional
19 information the respondent wants the board to consider. Failure to provide the detail
20 sought by the board to each allegation or to the records or documents requested will be
21 considered a non-substantive response as also required in §501.93 of this title.

22 (e) The board may request information from **an individual, business entity,**
23 **association, governmental subdivision or agency, or public or private**
24 **organization** ~~a person~~ who is not the subject of an investigation.

25 (f) Withdrawal of a complaint by a complainant does not automatically cease an ongoing
26 investigation.

CHAPTER 519 Practice and Procedure
SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
RULE §519.22 Committee Considerations

- (a) Each investigation shall be submitted to the appropriate committee for an initial determination as to whether a violation has occurred. The committee shall make a recommendation as to the appropriate disposition of the investigation.
- (b) The committee, in its sole discretion, may abate the investigation.
- (c) Cases that do not require committee consideration will not be presented to a committee.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.23 Informal Conferences
4

5 (a) The committee, at its sole discretion, may invite the respondent and/or the
6 complainant to an informal conference. The purpose of the conference is to assist the
7 committee in the investigation. An informal conference is voluntary and is not a
8 prerequisite to a hearing in a disciplinary action.

9 (b) **If the committee determines that the complainant's presence will aid in the**
10 **investigation, then the committee will invite the complainant to appear at the**
11 **informal conference.** The committee will request the respondent to appear at a

12 specified time and place for an informal conference. ~~If the committee determines that~~
13 ~~the complainant's presence will aid in the investigation, then the committee will invite~~
14 ~~the complainant to appear at the informal conference.~~

15 (c) The notice of an informal conference will state the date, time and place. The notice
16 will be mailed **and emailed** to the respondent and complainant at least 10 days prior to
17 the informal conference.

18 (d) At an informal conference, the respondent may appear with legal representation but
19 the respondent must agree to be the person responding to the committee's questions.

20 (e) During an informal conference, each party is given the opportunity to make a brief
21 presentation to the committee. The committee may ask questions regarding the matter
22 being investigated and any matter of interest to the committee related to the
23 investigation. The committee chair may call upon board staff at any time for assistance
24 during the informal conference.

25 (f) The committee may invite a non-party who has relevant information to the
26 investigation to participate in the informal conference but the committee will determine
27 who may attend and the process of the informal conference.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.24 Committee Recommendations
4

5 (a) At the conclusion of its investigation the committee may make a recommendation to
6 the board regarding the disposition of the investigation.

7 (b) The committee may recommend dismissal of the complaint if the committee
8 determines:

9 (1) the board lacks jurisdiction; or

10 (2) there is insufficient evidence of a violation of the Act, board rules or board order; or

11 (3) the respondent came into compliance with the Act, board rules or board order.

12 (c) The committee will inform the respondent of its recommendation but may, in its
13 discretion, issue a confidential letter of comment stating the committee's concerns about
14 respondent's practice and make suggestions that may improve respondent's practice.

15 The committee's recommendation of dismissal is not final until it is ratified by the board
16 in an open meeting.

17 (d) If the committee determines that there is a violation of the Act, board rules or board
18 order, the committee may recommend disciplinary action. The committee may
19 recommend any disciplinary sanction provided in §901.501 of the Act (relating to
20 Disciplinary Powers of Board), singularly or in any combination. The respondent shall be
21 notified of the committee's action.

22 (e) Upon a determination by the committee that there is a violation of the Act, board
23 rule, or board order, the committee may offer respondent an agreed consent order
24 containing the committee's findings of fact and conclusions of law, and proposed
25 sanctions, administrative penalties and costs. The respondent shall be notified of the
26 committee's determination by certified mail **and by email** at the respondent's **physical**
27 **address and email address** on file with the board. The respondent shall have 20
28 calendar days to provide in writing Respondent's acceptance of the agreed consent
29 order or request a hearing to contest the committee's determination in accordance with
30 §519.3 of this chapter (relating to Computation of Time). Upon a showing of good
31 cause, the 20 days may be extended. Failure to accept the proposed agreed consent
32 order within the required time to respond shall be deemed a rejection.

1 (f) If the respondent does not accept the proposed agreed consent order and fails to
2 request a hearing in writing within the required time, the executive director, after
3 providing notice of hearing before the executive director and respondent failing to
4 appear, may offer a proposed order containing the committee's findings of fact and
5 conclusions of law and imposing disciplinary sanctions, and administrative penalties and
6 costs for the board's consideration and ratification. **The hearing shall be conducted in**
7 **the manner of a contested case pursuant to the Act, the APA, the board's rules**
8 **and SOAH's rules.** A proposed order offered by the executive director is not final until it
9 has been approved by the board.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.25 Mediation and Alternative Dispute Resolution
4

5 (a) It is the board's policy to encourage the resolution and early settlement of all
6 disputed matters, internal and external, through voluntary settlement procedures.

7 (b) The executive director shall designate a board employee as the board's Alternative
8 Dispute Resolution Director to perform the following functions:

9 (1) maintain necessary agency records of alternative dispute resolution procedures
10 while maintaining the confidentiality of participants;

11 (2) establish a method for the appointment of impartial third party mediators, moderators
12 or arbitrators for alternative dispute resolution proceedings;

13 (3) provide information about available alternative dispute resolution processes to
14 agency employees, potential users, and users of the alternative dispute resolution
15 program;

16 (4) arrange training or education necessary to implement alternative dispute resolution
17 processes; and

18 (5) establish a system to evaluate the alternative dispute resolution program and
19 mediators.

20 (c) The board, a committee of the board, a respondent in a disciplinary matter pending
21 before the board, the executive director of the board or a board employee engaged in a
22 dispute with the executive director may request that a contested matter be submitted for
23 alternative dispute resolution through mediation as described in §154.023 of the Texas
24 Civil Practice and Remedies Code, moderated settlement conference as described in
25 §154.025 of the Texas Civil Practice and Remedies Code, and non-binding arbitration
26 as described in §154.027 of the Texas Civil Practice and Remedies Code by making a
27 written request for alternative dispute resolution that states the type of alternative
28 dispute resolution requested and sets forth the issues to be submitted for alternative
29 dispute resolution. A respondent in a disciplinary proceeding may not request mediation
30 until a recommendation regarding that disciplinary matter has been made to a
31 committee of the board. The request must be delivered to the Alternative Dispute
32 Resolution Director at the board's office.

1 (d) The party who requests alternative dispute resolution shall pay the cost of the
2 impartial **third-party** ~~third party~~ mediator, moderators or arbitrators and shall otherwise
3 bear their own costs of alternative dispute resolution.

4 **(e) The board's alternative dispute resolution director is responsible for locating**
5 **an impartial third-party mediator, moderator or arbitrator and arranging for a**
6 **location and time for mediation. The mediator, moderator or arbitrator must be**
7 **agreed to by all the parties.**

8 **(f) The mediation date shall be established by agreement with the parties but shall**
9 **be no later than 45 days of the board's receipt of the request. The 45-day time**
10 **limitation may be extended by the executive director following a demonstration of**
11 **good cause.**

12 **(g) (e)** Any resolution reached as a result of an alternative dispute resolution procedure
13 is intended to be through the voluntary agreement of all of the parties. The resolution of
14 a contested matter reached as a result of an alternative dispute resolution procedure
15 must be in writing, signed by all of the parties, and is enforceable in the same manner
16 as any other written contract; provided however, that any signed resolution that purports
17 to bind the board must be ratified by the board and may be made public depending
18 upon the terms of the agreed resolution.

19 **(h) (f)** A communication relating to the subject matter made by a party in an alternative
20 dispute resolution procedure is confidential, is not subject to disclosure, and may not be
21 used as evidence in any further proceeding. Any notes or record made of an alternative
22 dispute resolution procedure are confidential, and parties, including impartial third party
23 mediators, moderators, or arbitrators may not be required to testify in any proceedings
24 relating to or arising out of the matter in dispute or be subject to process requiring
25 disclosure of confidential information or data relating to or arising out of the matter in
26 dispute or under consideration. An oral communication or written material used in or
27 made a part of an alternative dispute resolution procedure is admissible or discoverable
28 only if it is admissible or discoverable independent of the procedure. If this section
29 conflicts with other legal requirements for disclosure of communications or materials,
30 the issue of confidentiality may be presented to a judge or administrative law judge in
31 Travis County, Texas to determine, in camera, whether the facts, circumstances, and

- 1 context of the communications or materials sought to be disclosed warrant a protective
- 2 order or whether the communications or materials are subject to disclosure.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.26 Complaint and Eligibility of an Applicant for Certification
4

5 The board may, on its own motion, or on the complaint of any person, initiate
6 proceedings to determine the eligibility of an applicant for the issuance of a certificate.
7 Sufficient cause for this action includes, but is not limited to, any of the following
8 instances:

9 (1) fraud or deceit by an applicant on the certification application;

10 (2) final conviction of a felony or of any crime, involving dishonesty, fraud, moral
11 turpitude, alcohol abuse or controlled substances, or physical injury or threats of
12 physical injury to a person, under the laws of any state or of the United States, or the
13 imposition of deferred adjudication in connection with the criminal prosecution of such
14 an offense; or

15 (3) conduct indicating a lack of fitness to serve the public as a professional accountant.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.27 Factors Considered in Certification Application
4

5 Unless otherwise determined by the board, the following are reasons why an applicant
6 may not be certified as a CPA:

7 (1) An applicant has been convicted of a felony offense, which results in incarceration,
8 probation, parole, mandatory supervision or deferred adjudication.

9 (2) An applicant has been convicted of a felony or misdemeanor offense, or granted a
10 deferred adjudication which directly relates to the practice of public accountancy.

11 (3) The applicant applying for the issuance of a certificate who can be identified in
12 paragraph (1) or (2) of this section has the right to a hearing before the board, to
13 present evidence relative to the conviction. As a part of the hearing, the board's
14 consideration shall include the following issues before reaching a decision:

15 (A) the nature and seriousness of the crime as it applies to the board's statutory
16 responsibility to ensure that a person maintains high standards of competence and
17 integrity;

18 (B) the extent to which the applicant might have an opportunity to repeat criminal activity
19 of the same type as that in which the applicant was previously involved;

20 (C) the relationship of the crime to the ability, capacity, or fitness required to perform the
21 duties and discharge the responsibilities of a CPA; and

22 (D) the additional factors provided in §53.023 of the Texas Occupations Code.

23 (4) Because a licensee is often placed in a position of trust, and because the public in
24 general, and the business community in particular, rely on the reports and other
25 services of the licensee, the board considers that the following crimes directly relate to
26 the practice of public accountancy:

27 (A) a felony offense or misdemeanor offense of which dishonesty or fraud is an element;

28 (B) a felony offense or misdemeanor offense which results in the suspension or
29 revocation of the right to practice before any state or federal agency for a cause which
30 in the opinion of the board warrants its action; and

31 (C) crimes involving moral turpitude, alcohol abuse or controlled substances, or physical
32 injury or threats of physical injury to a person.

1 (5) The following procedures shall apply in the processing of the application for
2 certification:

3 (A) The applicant shall respond, under penalty of perjury, to the question, "Have you
4 ever been convicted of a felony or a misdemeanor, placed on probation, or granted
5 deferred adjudication in any state or by the federal government?"

6 (B) The board shall obtain criminal history record information on an applicant about
7 whom the executive director finds evidence to warrant a record search.

8 (C) The board shall review the application, statements made by the applicant relating to
9 criminal activity, criminal history record information, and shall approve or disapprove the
10 application as the evidence warrants. All applications disapproved under these
11 conditions shall be scheduled for a hearing upon written request of the applicant.

CHAPTER 519 Practice and Procedure
SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
RULE §519.28 Action Relating to Investigation

- (a) The board, having conducted an investigation under this title, may reach the following conclusions:
- (1) deny an applicant the opportunity for issuance of a certificate;
 - (2) deny an applicant's application to take the uniform CPA examination;
 - (3) prohibit an applicant from certification or from taking the uniform CPA examination for a period not to exceed five years;
 - (4) issue an applicant a certificate with conditions and requirements imposed by the board;
 - (5) void an applicant's uniform CPA examination grades; or
 - (6) close the case without adverse action against an applicant.
- (b) The board shall refund the issuance fee submitted by an applicant for certification if the applicant is denied the issuance of a certificate.
- (c) An applicant may petition the board in writing for a reversal of the board's findings. After notice and hearing the board may:
- (1) approve an application for certification that was previously denied;
 - (2) uphold its prior findings;
 - (3) overturn its prior findings; or
 - (4) modify its prior findings.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER B COMPLAINTS AND INVESTIGATIONS
3 RULE §519.29 Voluntary Surrender of Certificate
4

5 (a) Subject to board approval, a certificate holder may voluntarily surrender his
6 certificate by submitting a written statement of intent to voluntarily surrender the
7 certificate.

8 (b) The board may deny a certificate holder's application to voluntarily surrender his
9 certificate in order for the board to initiate and complete an investigation of any of the
10 reportable events identified in §501.91(a) of this title (relating to Reportable Events).

11 (c) Once a certificate holder has surrendered their certificate, they are no longer eligible
12 to hold a license under §901.402 of the Act (relating to Eligibility Requirements; General
13 Prohibition) and licensing exemptions will no longer apply.

14 (d) A former certificate holder who has voluntarily surrendered his certificate under
15 subsection (a) of this section may apply for a new certificate upon completion of the
16 following requirements:

17 (1) evidence of completion of all CPE that would have been required to be completed up
18 to a maximum of 120 hours over the three years immediately preceding the application
19 including a four-hour board approved ethics course;

20 (2) a sworn affidavit in the form provided by the board stating that the former certificate
21 holder has not been convicted of, placed on community supervision or accepted
22 deferred adjudication for any felony crime or for any misdemeanor crime involving
23 dishonesty, fraud, moral turpitude, alcohol abuse or controlled substances, or physical
24 injury or threats of physical injury to a person under the laws of any state or the United
25 States and that the former certificate holder did not surrender the certificate to avoid
26 disciplinary action by the board or to avoid administrative revocation under board rules
27 adopted pursuant to §§901.159, 901.411 or 901.502 of the Act (relating to Peer Review;
28 Continuing Professional Education; or Grounds for Disciplinary Action);

29 (3) payment of all fees that would have been paid if the former certificate holder's
30 license had been active since the date of surrender and all applicable late fees; and

31 (4) unless fingerprints have been previously submitted for licensure on or after
32 September 1, 2014, a complete and legible set of fingerprints from a vendor approved
33 by the Texas Department of Public Safety for the purposes of obtaining applicant's

1 criminal history record information in order to ensure the applicant lacks a history of
2 dishonest or felonious acts and the board is aware of any criminal activity that might be
3 relevant to the applicant's qualifications to take the UCPAE.

4 (e) A new certificate issued to a former certificate holder will bear the same certificate
5 number as the original certificate.

6 (f) If an individual, subject to the approval of the board, voluntarily surrenders and
7 resigns the certificate or registration during the course of a disciplinary investigation or
8 proceeding conducted by the board, this fact shall be disclosed in any later application
9 for a new certificate, and shall be considered before the issuance of a new certificate.

10 (g) A voluntary surrender is effective on the date of this agency's approval letter or other
11 written notification. The voluntary surrender may be disapproved when doing so is in the
12 best interest of the public. It is in the best interest of the public to deny a licensee's
13 voluntary surrender prior to the adjudication of a board complaint, criminal charge or
14 civil proceeding alleging fraud or dishonesty.

15 (h) If a certificate holder voluntarily surrenders his certificate after being charged with a
16 crime for which he subsequently receives a conviction or deferred adjudication, or
17 voluntarily surrenders his certificate subsequent to the filing of a civil suit alleging fraud
18 or dishonesty which subsequently results in a finding by a court of fraud or dishonesty,
19 the voluntary surrender may be set aside by the board upon a finding by the board that
20 the criminal or civil adjudication warrants disciplinary action.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER C PROCEEDINGS AT SOAH
3 RULE §519.40 General Provisions
4

5 (a) The board appoints SOAH or the executive director as provided for in §519.24(f) of
6 this chapter (relating to Committee Recommendations) to be its finder of fact in
7 contested cases pursuant to §901.508 of the Act (relating to Right to Hearing). The
8 board does not delegate and retains for itself the right to determine the sanctions and
9 make the final decision in any contested case.

10 (b) SOAH hearings of contested cases shall be conducted in accordance with the APA
11 by an ALJ assigned by SOAH. Jurisdiction over the case is acquired by SOAH when the
12 board staff files a request to docket case.

13 (c) For administrative hearings or proceedings covered by the APA a witness called by
14 the board is entitled to receive reimbursement from the board for meals, lodging and
15 mileage while going to and returning from the place of the hearing or proceeding if the
16 hearing or proceeding is more than 25 miles from the place of residence of the witness,
17 and such reimbursement will be at the rate:

18 (1) provided by law for state employees if the witness uses their personally owned or
19 leased motor vehicle to attend the hearing or proceeding;

20 (2) provided by law for state employees if the witness does not use their personally
21 owned or leased motor vehicle to attend the hearing or proceeding; and

22 (3) for meals and lodging provided by law for state employees.

23 (d) The board will pay the witness a \$50.00 fee for each day or portion of day the
24 witness appears on behalf of the board at a SOAH docketed administrative hearing or
25 related proceeding the witness attends.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER C PROCEEDINGS AT SOAH
3 RULE §519.41 Disciplinary Powers of the Board
4

5 (a) On a determination that a ground for discipline exists under §901.502 of the Act
6 (relating to Grounds for Disciplinary Action), the board may:

7 (1) revoke a certificate, firm license, or practice privilege issued or granted under this
8 title;

9 (2) suspend under any terms a certificate, firm license, practice privilege, or license
10 issued or granted under this title for a period not to exceed five years;

11 (3) refuse to renew a license;

12 (4) place a licensee or certificate holder on probation;

13 (5) reprimand a licensee or certificate holder;

14 (6) limit the scope of a licensee or certificate holder's practice;

15 (7) require a licensee or certificate holder to complete a peer review program conducted
16 in the manner prescribed by the board;

17 (8) require a licensee or certificate holder to complete CPE specified by the board;

18 (9) impose on a licensee or certificate holder the direct administrative costs incurred by
19 the board in taking action under paragraphs (1) - (8) of this subsection;

20 (10) require a licensee or certificate holder to pay restitution as provided by §901.6015
21 of the Act (relating to Restitution);

22 (11) impose an administrative penalty under Subchapter L of the Act; or

23 (12) impose any combination of the sanctions provided by this subsection.

24 (b) If a person's license suspension is probated, the board may require the person to:

25 (1) report regularly to the board on matters that are the basis of the probation;

26 (2) limit practice to the areas prescribed by the board; or

27 (3) continue or renew professional education until the license holder attains a degree of
28 skill satisfactory to the board in those areas that are the basis of the probation.

29 (c) The following applies to a CPA that has been suspended from the practice of public
30 accountancy:

31 (1) May not continue to provide accounting related services to the public as a CPA in
32 the State of Texas.

- 1 (2) The suspended licensee's name must be removed from any firm name licensed with
2 the board.
- 3 (3) The suspended licensee may perform accounting related services as a non-licensee
4 employee of a licensed CPA firm or as an employee of a business not providing
5 accounting services to the public but may not use the CPA credential during the term of
6 the suspension.
- 7 (4) A suspended licensee remains a certificate holder and is subject to the board's rules
8 of professional conduct.
- 9 (5) Licensing fees do not accrue during the term of a non-administrative suspension or
10 revocation and are not owed the board upon reinstatement.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER C PROCEEDINGS AT SOAH
3 RULE §519.42 Administrative Hearings
4

5 (a) When a contested case has been docketed with SOAH, the board will provide the
6 respondent and relevant parties with a Notice of Hearing and Complaint in accordance
7 with §2001.052 of the Texas Government Code and applicable SOAH rules.

8 (b) The respondent and/or their relevant parties shall enter an appearance, with a copy
9 to the board, within 20 days of the date on which the notice of hearing and complaint
10 was served on the respondent and/or their relevant parties.

11 (c) For purposes of this section, entering an appearance means the filing of a written
12 answer or other responsive pleading with SOAH.

13 (d) The failure by the respondent to timely enter an appearance as provided in this
14 section shall entitle the petitioner to motion the administrative court to dismiss the
15 proceeding and permit the board to informally dispose of the case by default.

16 (e) The notice of hearing and complaint shall include the following language in capital
17 letters in at least 12-point boldface type: "YOU MUST ENTER AN APPEARANCE BY
18 FILING A WRITTEN ANSWER OR RESPONSE TO THE ALLEGATIONS CONTAINED
19 IN THIS NOTICE WITHIN 20 DAYS OF THE DATE THIS NOTICE WAS MAILED.
20 YOUR FAILURE TO DO SO SHALL ENTITLE THE BOARD TO REQUEST THE
21 DISMISSAL OF THE CASE AND TO INFORMALLY DISPOSE OF THIS CASE BY
22 DEFAULT. THE ALLEGATIONS AGAINST YOU WILL BE DEEMED ADMITTED AND
23 AN ORDER ENFORCING THE ACTION WILL BE ENTERED BY THE BOARD."

24 (f) A motion to vacate a default judgment rendered by the ALJ must be filed within 10
25 days of the service of notice of the default judgment.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER D PROCEDURES AFTER HEARING
3 RULE §519.71 Exceptions and Replies
4

5 (a) Exceptions to the PFD and any replies to exceptions must be filed within the time
6 specified in SOAH's rules.

7 (b) The form of exceptions and replies is governed by SOAH's rules.

8 (c) Each exception or reply to a finding of fact or conclusion of law shall be concisely
9 stated and shall summarize the evidence in support thereof. Arguments shall be logical
10 and citations to authorities shall be complete.

11 (d) Any party may request oral argument before the board after service of the PFD and
12 disposition of the exceptions, if any, and before the board's final determination of the
13 matter. The written request for oral argument must be filed with the board's executive
14 director no later than 5:00 p.m. on the twentieth day prior to the board meeting at which
15 the matter is to be considered. The presiding officer may waive the twenty day notice
16 requirement if such action would best serve the public interest. Oral argument is allowed
17 only at the discretion of the board. In the event oral argument is granted by the board,
18 each party will be notified of the time and place of the argument and the amount of time
19 allotted for the presentation. Only one spokesman per party and position will be allowed
20 to speak. At the conclusion of the presentation, board members may ask questions of
21 the person who made the presentation. Under no circumstances may any party making
22 oral argument to the board refer to or urge reliance on materials that are not part of the
23 administrative record.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER D PROCEDURES AFTER HEARING
3 RULE §519.72 Decisions and Orders
4

5 (a) All decisions and orders of the board pertaining to a contested case shall be made
6 during a public meeting duly noticed pursuant to the Chapter 551 of the Texas
7 Government Code (relating to Open Meetings). The board's decisions and orders shall
8 be in writing and reported in the minutes of the meeting. An order of the board shall
9 include findings of fact and conclusions of law, separately stated.

10 (b) A copy of the decision or order of the board shall be delivered or mailed to all parties
11 or, if represented by counsel, to their attorney of record.

12 (c) The board may change a finding of fact or conclusion of law made by the ALJ, or
13 may vacate or modify an order issued by the ALJ, only if the board determines:

14 (1) that the ALJ did not properly apply or interpret applicable law, agency rules, written
15 policies provided to the ALJ with a written statement of applicable rules or policies, or
16 prior administrative decisions;

17 (2) that a prior administrative decision on which the ALJ relied is incorrect or should be
18 changed; or

19 (3) that a technical error in a finding of fact should be changed.

20 (d) If the board modifies, amends, or changes the ALJ's recommended order, an order
21 shall be prepared reflecting the board's changes and the board's specific reason and
22 legal basis for the changes.

23 (e) A board decision or order is administratively final when:

24 (1) there is no filing of a timely motion for rehearing; or

25 (2) a timely motion for rehearing is filed and the latest timely filed motion for rehearing is
26 overruled by board order or operation of law.

27 (f) The board shall make the final decision in assessing the discipline provided for in
28 §901.501 of the Act (relating to Disciplinary Powers of Board) and §519.41 of this
29 chapter (relating to Disciplinary Powers of the Board).

30 (g) Interpretive comment. Section 2001.058(e) of the APA provides the standard that a
31 governmental agency must follow in changing a recommendation of an ALJ of SOAH.

32 Case law makes it clear that the standard must be strictly adhered to in order for the

- 1 change to the recommendation to be valid. The above language in subsection (c) of this
- 2 section addresses the required standards.

1	<u>CHAPTER 519</u>	Practice and Procedure
2	<u>SUBCHAPTER E</u>	POST BOARD ORDER PROCEDURES
3	<u>RULE §519.90</u>	Motions for Rehearing
4	<hr/>	
5	(a) A motion for rehearing must be filed with the board in accordance with the APA.	
6	(b) Board action on the motion for rehearing must be taken in accordance with the APA.	

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER E POST BOARD ORDER PROCEDURES
3 RULE §519.91 Judicial Review
4 _____

5 Once a board order has become administratively final under §519.72(e) of this chapter
6 (relating to Decisions and Orders), a party aggrieved by the order may seek judicial
7 review of the order in accordance with the APA.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER E POST BOARD ORDER PROCEDURES
3 RULE §519.92 The Record and Assessment of Cost of Preparation
4

5 (a) The record in any case includes:

6 (1) all pleadings, motions, and intermediate rulings of the ALJ;

7 (2) the transcript of the hearing on the merits;

8 (3) the evidence received or considered at the hearing on the merits;

9 (4) any statements of matters officially noticed;

10 (5) all objections to evidence, rulings on the objections and any offers of proof;

11 (6) any decision or opinion, objections to any decision or opinion, and rulings on the
12 objections; and

13 (7) all staff memoranda and correspondence from parties or data submitted to or
14 considered by the ALJ or the board in making decisions.

15 (b) The board shall require a party who seeks judicial review of a final decision of the
16 board to pay all or part of the actual cost of preparation of the original or a certified copy
17 of the record required to be transmitted to a reviewing court.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER E POST BOARD ORDER PROCEDURES
3 RULE §519.93 Publication of Disciplinary/Administrative Sanctions
4 _____

5 The board may publish in the board's official publication, the Texas State Board Report,
6 the name of any licensee or certificate holder who is the subject of a disciplinary or
7 administrative action. Such publication shall not occur until a final board order has been
8 issued. The publication may contain a narrative factual summary of the actions giving
9 rise to the disciplinary or administrative action.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER E POST BOARD ORDER PROCEDURES
3 RULE §519.94 Compliance with Board Orders
4 _____

5 The board shall use all available means to insure that any person subject to a board
6 order adheres to the terms and conditions of that board order.

1 CHAPTER 519 Practice and Procedure
2 SUBCHAPTER E POST BOARD ORDER PROCEDURES
3 RULE §519.95 Reinstatement
4

5 (a) A person whose certificate has been revoked may be considered for reinstatement:

6 (1) after two years following the successful completion of all obligations to the criminal
7 justice system related to convictions that led to the revocation, if any, with no criminal
8 conviction during that two year period;

9 (2) if there have been no final adjudications finding violations of the Act or any board
10 rule for two years from the effective date of the revocation; and

11 (3) if the applicant demonstrates from the date of the revocation or from the date of a
12 two year period following the completion of all obligations to the criminal justice system,
13 the following:

14 (A) Responsibility: applicants must demonstrate that they recognize that their actions
15 were unacceptable, they are accountable for those actions, and they have the ability
16 and intent to not repeat those actions.

17 (B) Rehabilitation: applicants must demonstrate that they have made behavioral and
18 practice changes that evidence the intent to not repeat the action that resulted in the
19 revocation.

20 (C) Restitution: applicants must have completed the terms of any agreement or
21 assessment against the applicant.

22 (D) Fingerprints: unless fingerprints have been previously submitted for licensure on or
23 after September 1, 2014, a complete and legible set of fingerprints from a vendor
24 approved by the Texas Department of Public Safety for the purposes of obtaining
25 applicant's criminal history record information to ensure the applicant lacks a history of
26 dishonest or felonious acts and the board is aware of any criminal activity that might be
27 relevant to the applicant's qualifications to take the UCPAE.

28 (b) All requests for reinstatement must be in writing to the board.

29 (c) Reinstatement will be at the sole discretion of the board.

Pages IV-63 through IV-66 are intentionally not included

2. Schedule next meeting.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

- B. Discussion, consideration, and possible action on the Peer Review Oversight Board (PROB) annual report for 2024 including a recommendation to continue the Texas Society of CPAs and the AICPA/National Peer Review Committee (NPRC) as approved peer review sponsoring organizations.

DISCUSSION: Robert Goldstein, PROB member, will report on the TXCPA and AICPA/NPRC review evaluations. The 2024 annual report is provided on the following pages.

RECOMMENDATION: To accept the report as presented to the Executive Committee and approve the continuation of the TXCPA and AICPA/NPRC as approved sponsoring organizations.

SUGGESTED MOTION: To accept the report as presented to the Executive Committee and approve the continuation of the TXCPA and AICPA/NPRC as approved sponsoring organizations.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY PEER REVIEW OVERSIGHT BOARD

Annual Report for 2024 on the Continuing Oversight of Sponsoring Organizations Approved by the TSBPA to Administer Peer Reviews

The Peer Review Oversight Board (PROB) was established under the provisions of the Texas Administrative Code, Title 22, Rule 527.7(c) and is retained by the Texas State Board of Public Accountancy (TSBPA) to monitor sponsoring organizations that have been approved by the TSBPA to administer peer reviews under the auspices of the AICPA Peer Review Program for firms that are licensed or registered in the State of Texas. During 2024, the Texas Society of CPAs (TXCPA) and the AICPA/National Peer Review Committee (NPRC) were the only sponsoring organizations approved by the TSBPA.

<u>EXECUTIVE SUMMARY – CONCLUSIONS</u>
As described in this report, PROB recommends continuance of both the AICPA/NPRC and the TXCPA as the approved sponsoring organizations for peer reviews of Texas CPA firms.

AICPA National Peer Review Committee (NPRC)

In accordance with the provisions of the Texas Administrative Code, Rule 527.7(d)(1), the PROB has reviewed the most recent published Annual Report on Oversight covering the AICPA's National Peer Review Committee (issued May 9, 2024). In general, NPRC peer reviews cover firms who audit public clients under PCAOB standards. Accordingly, peer reviews of Texas firms who are subject to NPRC requirements are administered directly by NPRC and therefore are not administered by the TXCPA. **Based upon the conclusions in the current the NPRC oversight report, PROB recommends the continuance of the AICPA/NPRC as a sponsoring organization within the requirements stipulated in the Texas Administrative Code, Rule 527.9.**

TEXAS SOCIETY OF CPAs (TXCPA)

TXCPA's Peer Review Committee and its Report Acceptance Bodies (RABs)

In accordance with the provisions of the Texas Administrative Code, Rule 527.7(d)(2)A, members of the PROB attended all 2024 meetings of the TXCPA's Peer Review Committee and its Report Acceptance Bodies (RABs). Most RAB meetings were conducted remotely over Zoom. In addition, TXCPA held two face-to-face RAB meetings in Dallas, in conjunction with full TXCPA Peer Review Committee meetings. PROB members attended both of these in-person meetings on May 6, 2024 and December 9, 2024. Using the criteria listed below to generate a risk-based sample of peer reviews processed by the TXCPA throughout 2024, PROB members performed *in-depth* reviews of all RAB documents for those peer reviews that were selected in our sample. The criteria included:

1. Reviews conducted by Team Captains and Review Captains on a TXCPA "watch list," whose past performance has been problematic in the performance of and/or reporting on the results of peer reviews in accordance with peer review standards.
2. Fail reports.
3. Pass with Deficiency(ies) reports.
4. Reviews in which the current report showed a dramatic improvement from a Fail report or Pass with Deficiency(ies) report compared to the previous peer review.
5. Reviews in which the current report revealed a dramatic deterioration to a Fail report or Pass with Deficiency(ies) report for firms that had previously received a Pass report.
6. Reviews conducted by Association Formed review teams.
7. Reviews conducted by Team captains who perform a large number of peer reviews.
8. Other randomly selected peer reviews.

A special emphasis was placed on problematic peer reviewers (category 1 above). PROB's risk-based selection for that category included 9 peer reviews conducted by reviewers who are on TXCPA's watch list. 50 other reviews and a corrective action were selected throughout the year, covering each of the above categories 2 through 8.

For the sample of peer reviews described above, PROB members reviewed in detail all of the same documents that were presented to the RAB, consisting of peer review reports and the peer review documentation that had been prepared by the reviewers plus summary documents and conclusions prepared by TXCPA's technical reviewers. The PROB members listened to the TXCPA RABs' deliberations regarding these reviews and considered whether the conclusions were consistent with AICPA Peer Review Standards.

In addition to the peer reviews that were specifically included in the aforementioned sample selection for detailed oversight, PROB members also read summary-level documentation and listened to RAB discussions covering substantially all the other peer reviews processed by the TXCPA during 2024.

During 2024, the TXCPA's RABs considered and acted upon 173 System Reviews and 323 Engagement Reviews, for a total of 496 peer reviews. PROB members oversighted in detail 36 System Reviews (21%) and 23 Engagement Reviews (7%), for a total of 59 reviews. The TSBPA has charged PROB with a duty to review "at least 10% of the peer reviews performed." For 2024, PROB achieved an overall coverage of 12%. The detailed oversights were weighted toward system reviews because they are inherently of higher risk than engagement reviews and because the reviewers who cause the most concern (including the "watch list" reviewers) perform principally system reviews.

The results of Texas peer reviews accepted by TXCPA during 2024 were:

Pass: 80%

Pass with Deficiencies: 13%

Fail: 7%

In addition to the peer reviews noted above, TXCPA's RABs considered and acted upon 109 other actions pertaining to delayed acceptances, amendments to corrective actions that had been previously assigned to reviewed firms, and discussions regarding whether to refer certain potentially noncooperative firms to AICPA for formal hearings. PROB members oversighted in detail 1 such RAB action and also observed substantially all of the discussions of the others.

During RAB meetings, PROB members were permitted to comment on peer reviews and other actions; however, PROB members had no vote in any RAB decisions. Assignment of PROB members to RABs was made in such a way as to avoid independence or familiarity conflicts with the peer reviews being discussed.

We did not disagree with any final RAB conclusions that we observed, and we believe that the ultimate peer review ratings accepted by TXCPA for each firm were appropriate. We noted that the TXCPA's technical staff and the RAB members were knowledgeable about both their responsibilities and the technical aspects of the peer reviews that were presented, and that they devoted a suitable amount of time to fully discuss each peer review.

Other TXCPA Oversight Considerations

In addition to attending the TXCPA RAB and Peer Review Committee meetings, PROB members also attend all TXCPA Reviewer Evaluation Committee meetings. The TXCPA conducted two such meetings during 2024 to focus on problematic peer reviewers, and especially to identify individuals to be placed on TXCPA's watch list. We noted that, when tardy performing peer reviewers were identified, no new peer reviews were being scheduled for those individuals until they became current. During 2024, the Reviewer Evaluation Committee met in March and August, and all PROB members attended those meetings. We also noted that the full TXCPA Peer Review Committee further discusses those reviewers who are on the watch list twice each year.

PROB members monitor TXCPA reports that track the status of CPA firms who are overdue on their peer reviews (this is further monitored by AICPA). PROB noted that, when warranted by the AICPA Peer Review Program Standards, TXCPA has appropriately recommended to AICPA that it should drop certain firms from the Peer Review Program for noncooperation with the Program.

PROB members monitored the technical content of AICPA and TXCPA peer reviewer forums.

During 2024, PROB also reviewed and relied upon various outside oversight reports including:

- AICPA Peer Review Program Oversight Report, a 41-page detailed summary issued April 22, 2024 by the AICPA Peer Review Program's Oversight Task Force pertaining to TXCPA's administration of the AICPA Peer Review Program.
- TXCPA's Plan of Administration to Administer Peer Reviews in 2024 and AICPA's most recent written approval of TXCPA's 2024 Plan of Administration as of January 18, 2024.
- Administering Entity Benchmark Summaries issued by AICPA's Peer Review Board and the underlying 13 to 14-page benchmark reports submitted by TXCPA to AICPA every four months, along with related AICPA approvals.
- TXCPA Annual Report on Peer Review Activities issued March 26, 2024 and the related AICPA approval.
- RAB observation reports issued by AICPA's Peer Review Board. AICPA periodically oversees specific RAB sessions; the most recent reports covered AICPA observations on April 16, 2024 and October 16, 2024.

- Reports on independent evaluations of TXCPA's safeguards over improper bias due to familiarity threats. Such safeguards include procedures to avoid improper acceptance bias arising from situations such as familiarity with high volume reviewers or reviews performed by Peer Review Committee and RAB members, or overreliance on technical reviewers. To obtain these evaluations, TXCPA participates in familiarity cross reviews with other AICPA-approved administering entities. In 2024, three such reviews were conducted. They were performed by the Florida Institute of Certified Public Accountants in February 2024 and July 2024, and the Peer Review Alliance (the administering entity for Illinois, Indiana, Iowa, Kentucky, South Carolina, West Virginia and Wisconsin) in September 2024. Each of the three 2024 reports concluded that TXCPA is appropriately complying with its Familiarity Threat Policies and Procedures.
- Administrative Oversight Visit report dated November 14, 2024 on oversight procedures conducted internally by TXCPA in accordance with the *AICPA Peer Review Program Oversight Handbook* regarding the TXCPA Peer Review Department/Committee's administrative procedures, technical review procedures, CPA on staff, peer review acceptance procedures, and oversight program.

Conclusions Regarding TXCPA

Based upon the results of the oversight procedures performed by PROB members and the additional oversight procedures performed by AICPA and other parties, in our opinion the TXCPA is administering its peer review program in accordance with the standards promulgated by the AICPA Peer Review Board and the rules of the TSBPA. **We recommend that the TSBPA should continue to approve and rely upon TXCPA as a peer review sponsoring organization.**

Additional Comments

As has been the national and local trend in recent years, the number of peer reviews processed by TXCPA in 2024 has diminished compared to the previous years. There has been a decline in the number of CPA firms issuing reviewable engagements. As a result of mergers and acquisitions, retirements, and the level of professional standards overload, some CPA firms have ceased performing reviewable accounting and auditing engagements. It should be noted that a number of firms have begun to issue preparation engagements instead of compilations, which has allowed some firms to become exempt from peer review. At its December 9, 2024 meeting, the TXCPA Peer Review Committee reported that there were 102 Texas firms with 2024 peer review due dates for which the peer review workpapers had not yet been submitted for technical review, of which 99 were in progress. 210 Texas peer reviews due in 2025 were already in various stages of scheduling. TXCPA continually tracks the process of peer reviews throughout the process and it takes timely steps to encourage firms to schedule reviews on a timely basis. If a firm ignores scheduling requests, TXCPA has the ability to start proceedings to have the firm dropped from the Peer Review Program due to noncooperation.

There continues to be an ongoing national shortage of reliable peer reviewers. As of December 2024, the pool of Texas peer reviewers has continued to shrink. Although at times in the past there had been approximately 200 peer reviewers in Texas, there are currently 40 to 50 active peer reviewers in the state, including several new reviewers who were recruited in 2024. Some of the current peer reviewers perform only a few peer reviews or may no longer be active.

AICPA has discussed certain peer review points with a peer review focus group. The focus group identified the two top items that prevent individuals from becoming peer reviewers as:

1. Balancing peer review with existing workload (96%)
2. Allocating resources to peer review when faced with competing demands for potentially higher paying, less complex work (65%)

The top two complaints presented by peer reviewers in the focus group were:

1. Firm administrative and organizational challenges – reviewed firms misunderstanding requirements, confusion with steps in the peer review process, disorganization, unresponsiveness. (61%)
2. Performing the peer review – finding sufficient time to thoroughly review engagements, navigating the volume and complexity of required checklists, communicating effectively with firms about issues, etc. (48%)

AICPA has gradually made some functional improvements to the PRIMA software developed to administer the scheduling and processing of peer reviews. This has slightly reduced the difficulty reviewed firms and peer reviewers have experienced in navigating through the process. Because PRIMA is not intuitive for a reviewed firm that needs to use it at only three-year intervals, a burden of interruptions and wasted time still falls upon many reviewers when the reviewed firms seek assistance.

TSBPA PEER REVIEW OVERSIGHT BOARD

A handwritten signature in blue ink that reads "Robert D. Goldstein, CPA". The signature is fluid and cursive, with the letters "R", "D", and "G" being particularly prominent.

Robert D. Goldstein, CPA, Chair
J. Michael Waters, CPA
Thomas A. Akin, CPA

Houston, Texas
January 16, 2025

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

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

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

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

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

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

Financial Overview

For the 5 Months Ended January 31, 2025

Annual Budget						
	Actual	Annual Budget	Variance	Percent Remaining	Target	Variance
Revenues - YTD	\$ 4,089,159	\$ 9,167,457	\$ 5,078,298	55.39%	58.33%	2.94%
Expenditures - YTD	\$ (2,766,421) *	\$ (8,054,483) D	\$ 5,288,062	65.65%	58.33%	7.32%
Net - YTD	1,322,738	1,112,974	\$ 209,765	-18.85%	58.33%	77.18%
Transfers In (Out)**	(288,191)	\$ (703,344)	\$ (415,153)	59.03%	58.33%	-0.69%
Transfer to EFFA Fund	(360,000)	\$ (360,000) D	\$ -	0.00%	58.33%	58.33%
Total Transfers In (Out)	(648,191)	(1,063,344)				
Net Increase/(Reduction) in Fund Balance	\$ 674,547	\$ 49,630	\$ 624,918	-1259.2%	58.33%	-1317.50%
Revenues: See <i>Revenue Budget Summary</i> for additional information ● Revenue collected over budget by 2.94% → All revenue streams are above budget with the exception of Exam Fees - see Revenue Budget Report Expenditures: See <i>Expenditure Budget Summary</i> for additional information ● Expenditures under budget by 7.32% → See <i>Expenditure Budget Summary</i> for discussion of budget items.						

Revenues and Expenditures and Changes in Fund Balance				
	Current Year	Prior Year	Difference	% Difference
Beginning Fund Balance 9/01/2024	\$ 8,689,665	\$ 6,962,397 C		
Revenues	4,089,159	3,640,085	449,074	12.3%
Expenditures	(2,782,506) A	(2,639,835)	142,670	5.4%
Other Financing Sources (Uses) B	(648,247)	(293,708)	354,539	120.7%
Ending Fund Balance 11/30/24	<u>\$ 9,348,071</u>	<u>\$ 7,668,939</u>		
net increase/(reduction) in FB	\$ 658,406	\$ 706,541		
Budgeted Ending Fund Balance	\$ 8,741,846	\$ 5,915,635		
A EXH II expenditures include FY 24 expenditures of \$16,084.80. Transfers in (out)/other financing sources (uses) include the quarterly SDSI payments and net interest owed to the operating fund from the professional fee fund. EXH II B Other Financing Sources (Uses) include \$180 in refunds that will be transferred at the end of the year, net of \$123.51 in hotel tax return transferred from USAS to Safekeeping C Represents restated beginning fund balance as of 9/1/2023. D \$360,000 transferred to EFFA fund was included as an expenditure in the budget but is a transfer out.				

Texas State Board of Public Accountancy
Revenue Budget Report
From September 1, 2024 - January 31, 2025

Account Title	Current Month's Revenue	YTD Revenue	Total Budget	Variance	% Budget Remaining	Versus Target
						58.33% F (U)
CPA License	\$ 613,499.25	\$ 2,951,343.75	\$ 6,927,715.03	3,976,371.28	57.4%	0.9%
CPE Sponsor Review	19,350.00	109,550.00	231,140.87	121,590.87	52.6%	5.7%
Firm Office License	107,305.60	422,495.36	861,741.56	439,246.20	51.0%	7.4%
Late Payment Fees	69,355.50	239,793.50	421,920.93	182,127.43	43.2%	15.2%
Application of Intent - Evaluation Fee	7,560.00	33,080.00	62,385.36	29,305.36	47.0%	11.4%
Transfer of Credit IN	400.00	2,200.00	3,247.16	1,047.16	32.2%	26.1%
Exam Eligibility Fee - AUD	5,010.00	20,730.00	59,928.64	39,198.64	65.4%	-7.1%
Exam Eligibility Fee - FAR	8,625.00	30,435.00	72,150.00	41,715.00	57.8%	0.5%
Exam Eligibility Fee - REG	4,590.00	19,590.00	52,498.43	32,908.43	62.7%	-4.4%
Exam Eligibility Fee - BEC	0.00	0.00	0.00	0.00	N/A	N/A
Exam Eligibility Fee - BAR	690.00	3,360.00	16,963.83	13,603.83	80.2%	-21.9%
Exam Eligibility Fee - ISC	1,350.00	5,295.00	14,691.89	9,396.89	64.0%	-5.6%
Exam Eligibility Fee - TCP	1,440.00	6,540.00	17,418.22	10,878.22	62.5%	-4.1%
Exam Fees	29,665.00	121,230.00	299,283.53	178,053.53	59.5%	-1.2%
Certificate Fee	4,050.00	32,600.00	72,427.07	39,827.07	55.0%	3.3%
Reciprocal Registration	4,800.00	25,000.00	64,586.85	39,586.85	61.3%	-3.0%
Temporary Practice	0.00	0.00	0.00	0.00	N/A	N/A
Direct Administrative Costs - Enforcement	1,779.68	11,310.59	31,842.29	20,531.70	64.5%	-6.1%
Voided Warrants	0.00	0.00	0.00	0.00	N/A	N/A
Transfer of Credit - OUT	1,040.00	3,920.00	8,449.80	4,529.80	53.6%	4.7%
Interest Income	29,297.97	151,513.60	200,000.00	48,486.40	24.2%	34.1%
Interest on Judgments	0.00	0.00	0.00	0.00	N/A	N/A
Sales of Lists/Miscellaneous Copies/NSF Fees/Other	30.13	186.11	858.00	671.89	78.3%	-20.0%
Lettering of Replacement CPA Certificate	50.00	900.00	1,750.00	850.00	48.6%	9.8%
AICPA Regrades	0.00	0.00	0.00	0.00	N/A	N/A
Reimbursements - 3rd Party (Reimbursements from TBAE IAC)	3,802.22	19,316.10	45,740.92	26,424.82	N/A	N/A
Other Collections	44,850.00	244,746.40	425,654.93	180,908.53	42.5%	15.8%
Total Revenue	\$ 884,025.35	\$ 4,089,159.01	\$ 9,167,456.85	\$ 5,078,297.84	55.4%	2.94%

Texas State Board of Public Accountancy
Expenditure Budget Report
From September 1, 2024 - January 31, 2025

Account Title		Current Month's Expenditures	YTD Expenditures	YTD Encumbrances	Total Budget	Budget Remaining	% Budget Remaining	% Variance vs. Target	\$ Variance vs. Target
								58.33%	
								F (U)	
F0410	Debt Service - Interest	2,488.61	12,587.60	0.00	28,754.58	16,166.98	56.22%	-2.11%	(606.53)
L1001	Sal & Wages - Comp. Per Diem	200.00	300.00	0.00	12,780.18	12,480.18	97.65%	39.32%	5,025.08
S&W	Salaries & Wages	298,233.92	1,469,715.61	0.00	4,014,563.90	2,544,848.29	63.39%	5.06%	203,019.35
M9000	Payroll Related Costs (IC)	95,459.35	466,545.89	0.00	1,151,577.33	685,031.44	59.49%	1.15%	13,278.00
M9010	Payroll Related Costs - Unemp.	0.00	(822.20)	0.00	0.00	822.20	N/A	N/A	822.20
N2004	Prof Fees - Court Reporters	0.00	0.00	0.00	1,816.13	1,816.13	100.00%	41.67%	756.72
N2005	Prof Fees-Legal Svcs-OAG & OLC	3,373.17	6,581.18	0.00	271,687.50	265,106.32	97.58%	39.24%	106,621.95
N2007	Prof Fees - Fin/Acctg. Svcs.	0.00	0.00	0.00	35,754.51	35,754.51	100.00%	41.67%	14,897.71
N2008	Prof Fees - Expert Witnesses	0.00	0.00	0.00	272,459.52	272,459.52	100.00%	41.67%	113,524.80
N2009	Prof Fees - PROB	5,003.00	22,148.29	0.00	56,190.15	34,041.86	60.58%	2.25%	1,264.27
N2010	Prof Fees - SOAH	0.00	15,626.52	0.00	15,626.52	-	0.00% A1	-58.33%	(9,115.47)
N2011	Prof Fees - Computer	17,854.48	28,263.09	0.00	392,752.08	364,488.99	92.80%	34.47%	135,383.61
N2019	Prof Fees - Other	2,387.00	5,112.00	0.00	4,812.39	(299.61)	-6.23%	-64.56%	(3,106.84)
N2022	PF - SRP - Review	1,000.00	13,125.00	0.00	25,000.00	11,875.00	47.50%	-10.83%	(2,708.33)
P2001	Travel-In State-Board Mbrs.	2,002.82	3,316.63	0.00	19,197.13	15,880.50	82.72%	24.39%	4,682.17
P2002	Travel-In State-Employees	0.00	601.39	0.00	4,649.34	4,047.95	87.07%	28.73%	1,335.84
P2003	Travel-In State-Adv Comm Mbrs	0.00	0.00	0.00	1,618.15	1,618.15	100.00%	41.67%	674.23
P2021	Travel-Out-of-State-Bd. Mbrs.	0.00	0.00	0.00	6,812.75	6,812.75	100.00%	41.67%	2,838.65
P2022	Travel-Out-of-State-Employees	0.00	2,777.57	0.00	11,101.90	8,324.33	74.98%	16.65%	1,848.22
Q2001	Material & Supplies	4,678.12	77,521.76	0.00	389,140.11	311,618.35	80.08%	21.75%	84,619.95
Q2005	Mats/Supp - Office Meter Post	0.00	23,407.22	0.00	65,295.31	41,888.09	64.15%	5.82%	3,799.16
Q2006	Mats/Supp - Bulk Rate Postage	0.00	0.00	0.00	1,035.00	1,035.00	100.00%	41.67%	431.25
Q2009	Mats/Suppl - Other Postage	0.00	0.00	0.00	315.16	315.16	100.00%	41.67%	131.32
R2001	Communication & Utilities	13,575.30	35,509.11	0.00	72,541.64	37,032.53	51.05% B	-7.28%	(5,283.43)
S2001	Repairs & Maint-Annual Confs.	6,825.00	81,218.24	0.00	99,479.77	18,261.53	18.36% C1	-39.98%	(39,768.34)
S2005	Repairs & Maintenance - Other	561.84	5,517.60	0.00	10,139.53	4,621.93	45.58%	-12.75%	(1,292.80)
T2001	Rentals & Leases-Furn/Eqpt	2,093.63	10,468.15	0.00	32,337.25	21,869.10	67.63%	9.29%	3,005.70
T2004	Rentals & Leases-Furn/Eqpt SIC	7,292.50	7,292.50	0.00	10,737.35	3,444.85	32.08%	-26.25%	(2,818.60)
T2013	Rental & Leases-Other Space	1,535.08	5,318.42	0.00	13,424.57	8,106.15	60.38%	2.05%	275.15
T2015	Rental & Leases - SIC	40.00	9,251.00	0.00	14,547.72	5,296.72	36.41%	-21.92%	(3,189.45)
T2019	Debt Service Principal - RTU Lease	28,500.68	142,360.54	0.00	344,045.98	201,685.44	58.62%	0.29%	991.95
U2001	Printing & Reproduction	2,978.54	3,077.99	0.00	16,915.32	13,837.33	81.80%	23.47%	3,970.06
U2002	Printing of Board Report	0.00	2,539.36	0.00	8,777.82	6,238.46	71.07%	12.74%	1,118.07
W2001	OOE - Membership Fees	0.00	6,325.00	0.00	11,054.83	4,729.83	42.79%	-15.55%	(1,718.82)
W2003	OOE - Registration Fees	325.00	5,125.00	0.00	15,749.91	10,624.91	67.46%	9.13%	1,437.46
W2005	OOE - Temporary Support Svcs	0.00	0.00	0.00	100,000.00	100,000.00	100.00%	41.67%	41,666.67
W2007	OOE - Freight/Delivery Svc.	242.35	424.58	0.00	2,748.27	2,323.69	84.55%	26.22%	720.53
W2009	OOE - Convention Center Labor	4,228.00	4,228.00	0.00	4,347.00	119.00	2.74%	-55.60%	(2,416.75)
W2013	OOE - Employee Awards	0.00	65.00	0.00	1,285.04	1,220.04	94.94%	36.61%	470.43
W2014	OOE - Witness Fees & Invest Cost	0.00	0.00	0.00	2,356.42	2,356.42	100.00%	41.67%	981.84
W2020	OOE - Other Fees & Charges	2,658.56	37,454.53	0.00	63,100.70	25,646.17	40.64% C2	-17.69%	(11,162.57)
W2021	OOE - TX Online Processing Fees	38,079.41	92,680.94	0.00	199,916.34	107,235.40	53.64%	-4.69%	(9,382.47)
W2027	OOE - Statewide Cost Alloc. (IC)	2,087.85	10,439.25	0.00	25,054.25	14,615.00	58.33%	0.00%	0.02
W2028	OOE - SORM Assessments	0.00	4,818.12	0.00	9,288.46	4,470.34	48.13%	-10.21%	(947.93)
W2029	PUB - Public Assistance Pymts	0.00	155,500.00	0.00	155,500.00	0.00	0.00% A2	-58.33%	(90,708.33)
X5005	Capital Outlay-Computer	0.00	0.00	0.00	58,195.46	58,195.46	100.00%	41.67%	24,248.11
Report Total		\$ 543,704.21	\$ 2,766,420.88	\$ -	\$ 8,054,483.27	5,288,062.39	65.65%	7.32%	

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Budget Variance Explanations
For the 3 Months Ended January 31, 2025

Ref.	Budget Item	Budget	Actual	Difference	Explanation	
	Operating Budget	\$ 8,054,483	\$ 2,766,421	\$ 5,288,062.39	65.65%	budget remaining versus 58.33% target level
A1	Prof Fees - SOAH	\$ 15,627	\$ 15,626.52	\$ -	0.00%	The public assistance and SOAH payments are one-time payments processed at the beginning of the year.
A2	PUB - Public Assistance Pymts	\$ 155,500	\$ 155,500.00	\$ -	0.00%	
B	Communication & Utilities	\$ 72,542	\$ 35,509.11	\$ 37,032.53	51.05%	Variance due to an increase in TEX-AN telecommunication services costs.
C1	Repairs & Maint-Annual Contrs.	\$ 99,480	\$ 81,218.24	\$ 18,261.53	18.36%	Variance due to annual maintenance contracts and insurance premiums paid early in the year.
C2	OOE - Other Fees & Charges	\$ 63,101	\$ 37,454.53	\$ 25,646.17	40.64%	

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

January 31, 2025

		Scholarship Fund	EFFA Fund	Operating Fund	
	(1000)	(0858)	(0858)	(1009)	Total
	U/F (1002)	U/F (7106, 6106)	U/F (7206, 6206)	U/F (1009, 2858)	(EXH I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 400.00	\$ 320.00	\$ -	\$ 15,643.75	\$ 16,363.75
Cash in Bank - Treasury Safekeeping Trust	\$ 10,205.50	140.00	-	13,205.68	23,551.18
Cash in State Treasury	\$ -	62,151.43	9,737.36	1,502,727.57	1,574,616.36
Repurchase Agreement - Treasury Safekeeping Trust	\$ 197,473.64	635,858.17	354,677.33	8,223,246.27	9,411,255.41
Accounts Receivable		-	-	1,243.51	1,243.51
Due From Other Funds	\$ -	-	-	65,896.46	65,896.46
Due From Other Agencies	\$ -	-	-	-	-
Prepaid Item	\$ -	-	-	31,552.12	31,552.12
Consumable Inventories		-	-	-	-
Total Current Assets	208,079.14	698,469.60	364,414.69	9,853,515.36	11,124,478.79
Non-Current Assets:					
Non-Current Prepaid Items				15,252.77	15,252.77
Non-Current Refundable Deposits				37,009.76	37,009.76
Total Noncurrent Assets	-	-	-	52,262.53	52,262.53
Total Assets	\$ 208,079.14	\$ 698,469.60	\$ 364,414.69	\$ 9,905,777.89	\$ 11,176,741.32
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ -	\$ -	\$ -	\$ 67,617.81	\$ 67,617.81
Payroll Payable		-	-	372,918.97	372,918.97
Refunds Payable		-	-	(54.03)	(54.03)
Due To Other Funds	\$ 65,896.46	-	-	117,224.00	183,120.46
Funds Held for Others	\$ 142,182.68	-	-	-	142,182.68
Total Current Liabilities	208,079.14	-	-	557,706.75	765,785.89
Non-Current Liabilities:					
Interfund Payables					-
Total Non-Current Liabilities	-	-	-	-	-
Total Liabilities	208,079.14	-	-	557,706.75	765,785.89
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable				1,028,811.44	1,028,811.44
Committed:					-
Board Policy Reserve				3,156,964.75	3,156,964.75
Board Policy Contingency Fund				3,750,000.00	3,750,000.00
Other		698,469.60	364,414.69	1,412,294.95	2,475,179.24
Total Fund Balances	-	698,469.60	364,414.69	9,348,071.14	10,410,955.43
Total Liabilities and Fund Balances	\$ 208,079.14	\$ 698,469.60	\$ 364,414.69	\$ 9,905,777.89	\$ 11,176,741.32

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 5 Months Ended January 31, 2025

	General Revenue				Memorandum Only				
	(0858)	(0858)	(1009)	Total	(0858) U/F (6106,7106)	(0858) U/F (6206,7206)	(1009) U/F (1009, 2858)		
	U/F (7106, 6106)	U/F (7206, 6206)	U/F (1009, 2858)	(EXH II)	FY 24	FY 24	FY 24	Total FY 24	Difference
REVENUES									
Federal Grant Pass-through Revenue (GR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, Fees & Permits :									
Licenses, Fees	\$ 284,316.58	\$ -	3,780,917.61	\$ 4,065,234.19	281,792.85	-	3,301,921.86	3,583,714.71	481,519.48 A
Exam Fees	-	-	121,230.00	121,230.00			158,890.00	158,890.00	(37,660.00) B
Other License, Fees & Permits	-	-	3,970.00	3,970.00			3,640.00	3,640.00	330.00
Sales of Goods and Services	-	-	-	-			-	-	-
Interest and Investment Income	14,643.80	4,677.33	151,513.60	170,834.73	22,969.15	-	142,634.60	165,603.75	5,230.98
Other	7,816.69	-	31,527.80	39,344.49	20,846.20	-	32,998.51	53,844.71	(14,500.22) C
Total Revenues	306,777.07	4,677.33	4,089,159.01	4,400,613.41	325,608.20	-	3,640,084.97	3,965,693.17	434,920.24
EXPENDITURES									
Salaries and Wages	-	-	1,470,015.61	1,470,015.61			1,389,362.33	1,389,362.33	80,653.28 D
Payroll Related Costs	-	-	465,723.69	465,723.69			447,932.13	447,932.13	17,791.56
Professional Fees and Services	-	-	102,524.13	102,524.13			112,493.70	112,493.70	(9,969.57) E
Travel	-	-	6,133.11	6,133.11			9,589.99	9,589.99	(3,456.88)
Materials and Supplies	-	-	101,602.58	101,602.58			73,110.04	73,110.04	28,492.54 F
Communication and Utilities	-	-	35,774.39	35,774.39			29,113.19	29,113.19	6,661.20 G
Repairs and Maintenance	-	-	86,735.84	86,735.84			78,862.25	78,862.25	7,873.59 H
Rentals & Leases	-	-	32,768.24	32,768.24			25,177.13	25,177.13	7,591.11 I
Printing and Reproduction	-	-	5,617.35	5,617.35			8,022.23	8,022.23	(2,404.88)
Claims and Judgments	-	-	-	-			-	-	-
Other Expenditures	-	-	165,165.14	165,165.14			181,493.63	181,493.63	(16,328.49) J
State Pass Through Expenditures	428,267.80	-	-	428,267.80	289,735.02	-	-	289,735.02	138,532.78
Intergovernmental Payments	175,685.00	-	-	175,685.00	170,341.00	-	-	170,341.00	5,344.00
Public Assistance Payments	-	262.64	155,500.00	155,762.64			134,253.00	134,253.00	21,509.64 K
Debt Service:				-					
Principal	-	-	142,360.54	142,360.54			136,076.60	136,076.60	6,283.94
Interest	-	-	12,585.06	12,585.06			14,349.00	14,349.00	(1,763.94)
Capital Outlay	-	-	-	-			-	-	-
Total Expenditures/Expenses	603,952.80	262.64	2,782,505.68	3,386,721.12	460,076.02	-	2,639,835.22	3,099,911.24	286,809.88
Excess (Deficiency) of Revenues Over Expenditures	(297,175.73)	4,414.69	1,306,653.33	1,013,892.29	(134,467.82)	-	1,000,249.75	865,781.93	148,110.36
OTHER FINANCING SOURCES (USES)									
Sale of Capital Assets	-	-	-	-			-	-	-
Net Change in Reserve for Inventories	-	-	-	-			-	-	-
Transfers In (Note 1.F.)	667,519.23	370,000.00	3,960,627.89	4,998,147.12	519,098.49	-	3,621,077.74	4,140,176.23	857,970.89
Transfers Out (Note 1.F.)	(667,519.23)	(10,000.00)	(4,608,875.25)	(5,286,394.48)	(519,108.49)	-	(3,914,786.04)	(4,433,894.53)	(852,499.95)
Gain (Loss) on Sale of Capital Assets	-	-	-	-			0.00	-	-
Total Other Financing Sources and Uses	-	360,000.00	(648,247.36)	(288,247.36)	(10.00)	-	(293,708.30)	(293,718.30)	5,470.94
SPECIAL ITEMS									
									-
EXTRAORDINARY ITEMS									
									-
Net Change in Fund Balances	(297,175.73)	364,414.69	658,405.97	725,644.93	(134,477.82)	-	706,541.45	572,063.63	153,581.30
FUND FINANCIAL STATEMENT-FUND BALANCES									
Fund Balances--Beginning	995,645.33	-	8,689,665.17	9,685,310.50	1,211,214.24	-	6,888,289.20	8,099,503.44	1,585,807.06
Restatements	-	-	-	-			74,108.09	74,108.09	(74,108.09)
Fund Balances, 9/1/2024 as Restated	995,645.33	-	8,689,665.17	9,685,310.50	1,211,214.24	-	6,962,397.29	8,173,611.53	1,511,698.97
Fund Balances-- January 31, 2025	\$ 698,469.60	\$ 364,414.69	\$ 9,348,071.14	\$ 10,410,955.43	\$ 1,076,736.42	\$ -	\$ 7,668,938.74	\$ 8,745,675.16	\$ 1,665,280.27

A License Fees are higher due to the individual licensee fee increase from \$87 to \$102.

B Exam fee revenues are lower due to a decrease in AOI fees and exam eligibility fees received

D Other Revenues are lower due to a significant decrease in scholarship reimbursements.

D Salaries and wages are higher due to a 5% state increase.

E Professional Fees and Services are lower due to a decrease in expert witness fees and computer programming services.

F Materials and Supplies are higher due to an increase in non-capitalized computer software.

G Communications and Utilities are higher due to an increase in TEX-AN telecommunication services costs due to addition of rack space.

H Repairs and Maintenance are higher due to an increase in the Annual Maintenance & Repair costs for AS400

I Rentals and Leases are higher due to higher YTD expenditures related to the Swearing In Ceremony rental equipment and space.

J Other Expenditures are lower due to a decrease in temporary support services and exam testing accomodations.

K Public Assistance Payments are higher due to a grant increase to TXCPA Peer Assistance Foundation and EFFA program launch.

IV-82

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

Texas State Board of Public Accountancy
Accounting Student Scholarship Payments FY 25
State Universities

For the 5 Months Ended January 31, 2025

	FY 2025
BEGINNING FUND BALANCE - September 1, 2024	\$ 995,645.33
Total Scholarship Fund Revenue	\$ 306,777.07
State Pass Through Expenditures (EXH A-2)	
State University Payments:	
Lamar University	\$ 5,000.00
Stephen F. Austin State University	\$ 12,484.00
Texas A&M University	\$ 77,162.80
Texas A&M University - Commerce	\$ 5,000.00
Texas State University	\$ 37,500.00
Texas Tech University	\$ 55,000.00
Texas Woman's University	\$ 12,000.00
University of Houston	\$ 10,621.00
University of Houston - Clear Lake	\$ 14,000.00
University of Houston - Downtown	\$ 22,000.00
University of North Texas	\$ 29,000.00
University of Texas at Austin	\$ 79,000.00
University of Texas at Dallas	\$ 32,000.00
University of Texas at El Paso	\$ 5,000.00
University of Texas Rio Grande Valley	\$ 17,500.00
University of Texas at Tyler	\$ 10,000.00
West Texas A&M University	\$ 5,000.00
Total State University Payments	\$ 428,267.80
State University Refunds:	
Total State University Refunds	-
State Pass Through Expenditures (EXH A-2)	\$ 428,267.80
Intergovernmental Payments (EXH A-2)	
Junior College/ Private University Payments:	
Austin Community College	\$ 4,800.00
Baylor University	\$ 51,800.00
Dallas Baptist University	\$ 16,000.00
Houston Community College System	\$ 4,000.00
Letourneau University	\$ 16,000.00
Southern Methodist University	\$ 12,000.00
St. Edward's University	\$ 5,000.00
Texas Christian University	\$ 54,000.00
Trinity University	\$ 13,500.00
Total Junior College/ Private University Payments:	\$ 177,100.00
Junior College/ Private Univ. Refunds:	
Dallas College	\$ (1,415.00)
Total Junior College/ Private University Refunds:	\$ (1,415.00)
Intergovernmental Payments (EXH. A-2)	175,685.00
Other Financing Sources/Uses	
Transfers In	667,519.23
Transfers Out	(667,519.23)
Total Other Financing Sources/Uses (EXH. A-2)	\$ -
ENDING FUND BALANCE - January 31, 2025	\$ 698,469.60

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 5 Months Ended January 31, 2025

		DAC	ADMIN PENALTY	RTN CK FEES OVERPMT/INT	
	STATUS	19160	37700	19950/31100	TOTAL
BEGINNING BALANCE - September 1, 2024					
		\$6,474.80	\$22,431.45	\$69.57	\$28,975.82
ADD: Penalties Assessed \ Contributions:					
Mokuolu, Victor	Oct-24	811.57	15,000.00		15,811.57
Lyons, Allen	Oct-24	969.63			969.63
Marcum LLP	Oct-24	5,059.74	450,000.00		455,059.74
Westerman, James Robert	Nov-24	599.71	2,500.00		3,099.71
Simmons, Ricky	Nov-24	951.69	1,000.00		1,951.69
Crane, Curtis Wayne	Nov-24	745.93			745.93
Blank, Peyton Garrett	Nov-24		2,000.00		2,000.00
Wyatt, Kaitlin Foster	Nov-24		2,000.00		2,000.00
Fan, Michael James	Nov-24		2,000.00		2,000.00
Stone, Catherine Elizabeth	Nov-24		2,000.00		2,000.00
Rogers, Travis Kyle	Nov-24		2,000.00		2,000.00
Henley, Matthew Jordan	Nov-24		2,000.00		2,000.00
Asplund, Jeremy Ross	Nov-24		2,000.00		2,000.00
Wilson, Michelle Nicole	Nov-24		2,000.00		2,000.00
Parma, Taylor Morgan	Nov-24		2,000.00		2,000.00
Alaniz, Laura Michelle	Nov-24		2,000.00		2,000.00
Beddow, Michael Drew	Nov-24		2,000.00		2,000.00
Lai, Yuan	Nov-24		2,000.00		2,000.00
Cutaia, Joseph Anthony	Nov-24		2,000.00		2,000.00
Pickell, John Patrick	Nov-24		2,000.00		2,000.00
Pray, Kelly Eastwood	Dec-24		2,000.00		2,000.00
Alfier, Katrina Elaine	Dec-24		2,000.00		2,000.00
Neuberger, Katherine Anne	Dec-24		2,000.00		2,000.00
Guin, Charles Andrew	Dec-24		2,000.00		2,000.00
Misque, John Edward	Dec-24		2,000.00		2,000.00
Cordova, Henry Frank	Dec-24	641.11	2,500.00		3,141.11
Swenson, Jefferson W.	Jan-25	1,779.68	10,000.00		11,779.68
Calhoun, John	Jan-25		9,305.50		9,305.50
TOTAL PENALTIES ASSESSED \ CONTRIBUTIONS		11,559.06	528,305.50	0.00	539,864.56

LESS: Payments Received:

Houston, Charles	Sep-24	PIF	(144.02)	(0.98)	(145.00)
Donovan, Thomas Paul	Sep-24	PIF	(5,000.00)		(5,000.00)
Kelly, Mark Charles	Sep-24	PP	(1,000.00)		(1,000.00)
Nesmith, Shawn David	Sep-24	PP	(513.00)		(513.00)
Haynes, Jerry Charles	Sep-24	PP	(619.34)		(619.34)
Kelly, Mark Charles	Oct-24	PP	(1,000.00)		(1,000.00)
Haynes, Jerry Charles	Oct-24	PP	(619.34)		(619.34)
Mokuolu, Victor	Oct-24	PIF	(811.57)	(15,000.00)	(15,811.57)
Nesmith, Shawn David	Oct-24	PP		(513.00)	(513.00)
Lyons, Allen	Oct-24	PIF	(969.63)		(969.63)
Marcum LLP	Oct-24	PP	(5,059.74)	(444,940.26)	(450,000.00)
Marcum LLP	Oct-24	PIF		(5,059.74)	(5,059.74)
Westerman, James Robert	Nov-24	PIF	(599.71)	(2,500.00)	(3,099.71)
Williams, Ericka Jeanean	Nov-24	PP		(1,505.64)	(1,505.64)
Coe, Marcus Perry	Nov-24	PP		(750.00)	(750.00)
Kelly, Mark Charles	Nov-24	PP		(1,000.00)	(1,000.00)
Nesmith, Shawn David	Nov-24	PP		(513.00)	(513.00)

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 5 Months Ended January 31, 2025

				ADMIN PENALTY	RTN CK FEES OVERPMT/INT	
				19160	37700	19950/31100
				DAC		TOTAL
				STATUS		
Payments Received (cont'd):						
Williams, Ericka Jeanean	Nov-24	PIF		(1,500.00)		(1,500.00)
Simmons, Ricky	Nov-24	PIF	(951.69)	(1,000.00)		(1,951.69)
Crane, Curtis Wayne	Nov-24	PIF	(745.93)			(745.93)
Blank, Peyton Garrett	Nov-24	PIF		(2,000.00)		(2,000.00)
Wyatt, Kaitlin Foster	Nov-24	PIF		(2,000.00)		(2,000.00)
Fan, Michael James	Nov-24	PIF		(2,000.00)		(2,000.00)
Stone, Catherine Elizabeth	Nov-24	PIF		(2,000.00)		(2,000.00)
Rogers, Travis Kyle	Nov-24	PIF		(2,000.00)		(2,000.00)
Henley, Matthew Jordan	Nov-24	PIF		(2,000.00)		(2,000.00)
Asplund, Jeremy Ross	Nov-24	PIF		(2,000.00)		(2,000.00)
Wilson, Michelle Nicole	Nov-24	PIF		(2,000.00)		(2,000.00)
Parma, Taylor Morgan	Nov-24	PIF		(2,000.00)		(2,000.00)
Alaniz, Laura Michelle	Nov-24	PIF		(2,000.00)		(2,000.00)
Beddow, Michael Drew	Nov-24	PIF		(2,000.00)		(2,000.00)
Lai, Yuan	Nov-24	PIF		(2,000.00)		(2,000.00)
Cutaia, Joseph Anthony	Nov-24	PIF		(2,000.00)		(2,000.00)
Pickell, John Patrick	Nov-24	PIF		(2,000.00)		(2,000.00)
Haynes, Jerry Charles	Nov-24	PP		(619.34)		(619.34)
Pray, Kelly Eastwood	Dec-24	PIF		(2,000.00)		(2,000.00)
Alfier, Katrina Elaine	Dec-24	PIF		(2,000.00)		(2,000.00)
Neuberger, Katherine Anne	Dec-24	PIF		(2,000.00)		(2,000.00)
Guin, Charles Andrew	Dec-24	PIF		(2,000.00)		(2,000.00)
Misqueuz, John Edward	Dec-24	PIF		(2,000.00)		(2,000.00)
Cordova, Henry Frank	Dec-24	PP	(392.64)			(392.64)
Coe, Marcus Perry	Dec-24	PP		(750.00)		(750.00)
Kelly, Mark Charles	Dec-24	PP		(1,000.00)		(1,000.00)
Haynes, Jerry Charles	Dec-24	PP		(619.34)		(619.34)
Nesmith, Shawn David	Dec-24	PP		(513.00)		(513.00)
Coe, Marcus Perry	Jan-25	PP		(750.00)		(750.00)
Kelly, Mark Charles	Jan-25	PP		(1,000.00)		(1,000.00)
Nesmith, Shawn David	Jan-25	PP		(513.00)		(513.00)
Haynes, Jerry Charles	Jan-25	PIF		(619.21)	(0.13)	(619.34)
Swenson, Jefferson W.	Jan-25	PIF	(1,779.68)	(10,000.00)		(11,779.68)
Calhoun, John	Jan-25	PIF		(9,305.50)		(9,305.50)
TOTAL PAYMENTS RECEIVED				(11,310.59)	(546,866.73)	(1.11)
						(558,178.43)
Adjustments:						
Houston, Charles					0.98	0.98
Haynes, Jerry Charles					0.13	0.13
TOTAL ADJUSTMENTS				0.00	0.00	1.11
Referred to OAG Enforcement for Collection:						
TOTAL REFERRED TO ENFORCEMENT				0.00	0.00	0.00
ENDING BALANCE - January 31, 2025				\$6,723.27	\$3,870.22	\$69.57
						\$10,663.06

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

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

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Professional Fee and Legal Contracts

		FY 2025			FY 25 Hourly Rate
Contract Number	Contractor	Contract Term	Budget	Contract Amount	
TSR CONSULTANTS			\$ 272,460		
25-005	Peter Delvecchia, CPA	09/01/24-08/31/25		\$25,000	\$240/\$180/\$100
25-006	William Patrick Cantrell, CPA, JD	09/01/24-08/31/25		\$10,000	\$350/\$225/\$65
	Unallocated Budget		237,460		
	Total			\$35,000	
PEER REVIEW CONSULTANTS			\$ 56,190		
25-001	John Michael Waters, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-002	Robert Goldstein, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-003	Thomas Akin, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-001A	John Michael Waters, CPA	01/01/25-08/31/25**		\$14,000	\$270
25-002A	Robert Goldstein, CPA	01/01/25-08/31/25**		\$24,000	\$270
25-003A	Thomas Akin, CPA	01/01/25-08/31/25**		\$14,000	\$270
	Unallocated Budget		(75,010)		
	Total			131,200	
OFFICE OF THE ATTORNEY GENERAL			\$ 15,000		
C-02075	Office of the Attorney General	09/01/24-08/31/25		\$15,000	
	Unallocated Budget		-		
	Total			\$15,000	
STATE OFFICE OF ADMIN HEARINGS			\$ 15,627		
360-24-457	SOAH	09/01/23-08/31/25		\$15,627 *	
	Unallocated Budget		0		
	Total			\$15,627	
OAG Contracts: INDEPENDENT CONSULTANT CONTRACTS (SOAH Litigation)			\$ 256,688		
	Unallocated Budget		256,688		
	Total			\$0	
INTERNAL AUDIT			\$ 35,755		
	To be determined				
	Unallocated Budget		35,755		
	Total			\$0	
Total Budget			\$ 651,720		
Total Contracts				\$196,827	
Total Unallocated Budget			\$ 454,893		

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

**The PROB contracts approved by the Board were originally for 9-1-24 through 12-31-24. At the November Board meeting the Board approved 3 additional contracts for the period 1-1-25 through 8-31-25. The Comptroller's Procurement and Contract Management Guide requires state agencies to re-procure at least every four years for contracts exceeding \$25,000. Four years elapsed for these 3 proposed contracts on December 31, 2024, which accounts for the need for 3 new RFQs and 3 PROB contracts for the remainder of FY 25. The maximum contract amount for each contract will not exceed \$26,400 for the 12 months ending 8-31-25.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

D. Budget Plan for Fiscal Year 2026.

DISCUSSION: Ms. Espinoza-Riley, Treasurer, will discuss the Board's Budget Plan for Fiscal Year 2026.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Operating Budget Projections 2026-2030

		ACTUAL		PROJECTED					
		Rev factors	0.341%	-0.419%	-0.298%	-0.298%	-0.298%	-0.298%	-0.298%
Change Fee Amounts Here		Exp. factors	5.00%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
		FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
License Fee		\$ 75	\$ 87	\$ 102	\$ 108	\$ 126	\$ 126	\$ 124	\$ 123
Retired/Disabled Fee		\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Firm License Fee		\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60	\$ 60
Firm Organization Fee	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2 - 5	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
	6 - 9	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
	10 - 49	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
	50 +	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25
Exam Application of Intent Fee		\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20
Exam Section Fee (per part)		\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15

	FY 23 Actual	FY 24 Actual	FY 25 Budget ¹	FY 26 Budget ²	FY 27 Budget ²	FY 28 Budget ²	FY 29 Budget ²	FY 30 Budget ²
Estimated Revenue	\$ 7,532,542	\$ 8,398,000	\$ 9,167,457	\$ 9,459,063	\$ 10,579,065	\$ 10,535,949	\$ 10,364,236	\$ 10,257,289
Estimated Expenditures	(5,669,151)	(6,028,415)	(8,054,483)	(8,253,223)	(11,198,886)	(13,004,152)	(11,643,336)	(9,964,955)
Adj for GASB 87/96 Implementation						1,436,601		
Excess (Deficiency) Revenues								
Over Expenditures	1,863,391	2,369,585	1,112,974	1,205,840	(619,822)	(1,031,602)	(1,279,100)	292,334
Adjustment for Revised Estimates								
Other Financing Sources (Uses)		61,027						
Estimated Transfers Out - EFFA			(\$360,000)	\$0	\$0	\$0	(\$100,000)	(\$100,000)
Estimated Transfers Out - SDSI Pmt	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)	(703,344)
Current Year Surplus/Deficit	1,160,047	1,727,268	49,630	502,496	(1,323,166)	(1,734,946)	(2,082,444)	(511,010)
Beginning Fund Balance	5,728,242	6,888,289	8,689,665	8,739,295	9,241,791	7,918,625	6,183,679	4,101,235
Adjustment for Restatement		74,108						
Adjusted Beginning Fund Balance		6,962,397						
Ending Fund Balance	6,888,289	8,689,665	8,739,295	9,241,791	7,918,625	6,183,679	4,101,235	3,590,225
Board Policy Estimated Fund Balance	2,470,632	2,560,448	3,066,965	3,116,650	3,493,915	4,304,382	3,964,178	3,544,583
Board-Designated Contingency Fund		2,250,000	3,750,000	5,500,000	4,000,000	1,500,000	-	-
Surplus/Deficit over Board Policy	4,417,658	3,879,217	1,922,330	625,141	424,710	379,297	137,057	45,642
Ending Fund Balance	6,888,289	8,689,665	8,739,295	9,241,791	7,918,625	6,183,679	4,101,235	3,590,225
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 - 2027, additional amounts million to be designated as a reserve contingency fund*:

Expenditures - estimated	\$ 5,669,151	\$ 6,028,415	\$ 8,054,483	\$ 8,253,223	\$ 9,762,286	\$ 13,004,152	\$ 11,643,336	\$ 9,964,955
Revised Expenditure adjustment								
Transfer out (through FY 2018)								
Operating Expenditures & Transfer Out	\$ 5,669,151	\$ 6,028,415	\$ 8,054,483	\$ 8,253,223	\$ 9,762,286	\$ 13,004,152	\$ 11,643,336	\$ 9,964,955
3 month Operating Reserve	\$ 1,417,288	\$ 1,507,104	\$ 2,013,621	\$ 2,063,306	\$ 2,440,571	\$ 3,251,038	\$ 2,910,834	\$ 2,491,239
Board Reserve - Contingency Fund		\$ 2,250,000	\$ 3,750,000	\$ 5,500,000	\$ 4,000,000	\$ 1,500,000	\$ -	\$ -
Enforcement Reserve	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
Total Reserve	\$ 2,470,632	\$ 4,810,448	\$ 6,816,965	\$ 8,616,650	\$ 7,493,915	\$ 5,804,382	\$ 3,964,178	\$ 3,544,583
Fund Balance Reserve Surplus/Deficit	\$ 4,417,658	\$ 3,879,217	\$ 1,922,330	\$ 625,141	\$ 424,710	\$ 379,297	\$ 137,057	\$ 45,642
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030

¹ Budget as approved

² Proposed Budget - not approved

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

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
PROJECTED COLLECTIONS

101%	For Prior Year estimates
101.768%	Up to FY 2023 estimate

Increase Factors Used								
Indiv. Licenses	0.341%	0.341%	-0.419%	-0.298%	-0.298%	-0.298%	-0.298%	-0.298%
Firms	-2.129%	-2.129%	-2.371%	-1.448%	-1.448%	-1.448%	-1.448%	-1.448%
Sponsors	-6.270%	-6.270%	0.684%	2.081%	2.081%	2.081%	2.081%	2.081%
Exam	5.000%	5.000%	-4.762%	-3.935%	-1.646%	-1.646%	-1.646%	-1.646%
Other	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2023	FY 2024	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
		ACTUAL	Budget	ACTUAL	Projection	Projection	Projection	Projection	Projection	Projection
			Version 1		Version 1	Version 1	Version 1	Version 1	Version 1	Version 1
OPERATING FUND REVENUE										
License, Fees & Permits		\$7,214,291	\$7,625,606	\$7,963,125	\$8,888,124	\$9,206,548	\$10,343,135	\$10,314,765	\$10,156,125	\$10,060,764
Sales of Goods and Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest and Investment Income		\$243,034	\$200,000	\$363,980	\$200,000	\$180,000	\$162,000	\$145,800	\$131,220	\$118,098
Other		\$75,216	\$89,627	\$70,895	\$79,333	\$72,515	\$73,929	\$75,385	\$76,891	\$78,427
TOTAL OPERATING FUND REVENUE		\$7,532,542	\$7,915,233	\$8,398,000	\$9,167,457	\$9,459,063	\$10,579,065	\$10,535,949	\$10,364,236	\$10,257,289
PROFESSIONAL FEES INTEREST REVENUE		-								
SCHOLARSHIP FUND REVENUE		725,888	706,556	736,813	733,690	732,428	730,245	728,069	725,900	723,736
TOTAL REVENUES		\$8,258,430	\$8,621,789	\$9,134,812	\$9,901,147	\$10,191,491	\$11,309,310	\$11,264,019	\$11,090,135	\$10,981,025

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Revenue

COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2023 ACTUAL	FY 2024 Projection Version 1	FY 2024 ACTUAL	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	FY 2030 Projection Version 1	
OPERATING FUND REVENUE:											
LICENSE, FEES & PERMITS											
3175 20005	REFUNDS PAYABLE										
11000	CPA LICENSE	5,190,264	4,978,326	5,947,482	5,937,335	6,826,005	7,207,350	8,359,561	8,345,424	8,200,912	
	CPA LICENSE Temporary Increase		760,196	-	990,380	388,978	1,164,350	-	(128,691)	(64,147)	
11001	CPA LIC REFUND	(943)	-	(381)	-	-	-	-	-	-	
11050	CPA PENALTY	332,811	284,288	322,401	336,388	320,482	319,527	318,575	317,625	316,679	
11051	CPA PEN REFUND	-	-	(748)	-	-	-	-	-	-	
11100	PRACTICE UNITS	549,924	523,574	531,638	527,221	514,727.66	507,274.40	499,929.07	492,690.09	485,555.94	
11101	PRACTICE UNIT REFD	(60)	-	(65)	-	-	-	-	-	-	
11103	PRACTICE UNIT - Out-of-State	5,420	-	6,026	-	5,901	5,816	5,731	5,648	5,567	
11150	PRACTICE UNIT PEN	74,000	79,928	72,540	85,533	91,685	90,358	89,049	87,760	86,489	
11151	PRAC UNIT PEN REFD	-	(138)	-	-	-	-	-	-	-	
11200	FIRM ORGANIZATION FEES	321,231	292,779	334,448	306,179	320,774	316,129	311,551	307,040	302,594	
11201	FIRM ORGANIZATION FEES REFD	-	-	(30)	-	-	-	-	-	-	
	FIRM ORG FEES - Out-of-State	29,735	-	37,265	28,342	40,223	39,641	39,067	38,501	37,944	
12000	PUB ACCOUNTANT LIC	-	-	-	-	-	-	-	-	-	
12010	CERTIFICATE FEE	79,851	92,832	72,270	72,427	66,694	65,596	64,517	63,455	62,410	
12011	CERT FEE REFD	-	(105)	(100)	-	-	-	-	-	-	
15000	SECTION 14 LIC (Foreign Reg. 901.355)		Included with In-State CPA license fees								
16000	RECIP REG	64,000	74,052	58,100	64,688	49,506	45,698	45,373	45,050	44,730	
16001	RECIP REG REFD	(100)	(201)	(100)	(101)	(85)	(79)	(78)	(78)	(77)	
17100	CPE SPONSOR FEE	240,850	206,736	237,950	231,141	247,957	253,116	258,384	263,761	269,250	
17121	CPE SPONSOR FEE REFUND	-	-	-	-	-	-	-	-	-	
24100	EVALUATION FEE (AOI)	67,960	73,691	81,160	62,385	89,812	88,333	86,879	85,449	84,043	
24402	EXAM ELIGIBILITY FEE-AUD	57,270	61,808	62,445	59,929	57,613	56,665	55,732	54,815	53,913	
24403	EXAM ELIGIBILITY FEE-AUD REFD	-	-	(15)	-	-	-	-	-	-	
24502	EXAM ELIGIBILITY FEE-BEC	77,805	67,940	36,015	-	-	-	-	-	-	
24503	EXAM ELIGIBILITY FEE-BEC REFD	-	-	(15)	-	-	-	-	-	-	
24602	EXAM ELIGIBILITY FEE-FAR	63,105	55,677	73,845	72,150	68,134	67,012	65,909	64,825	63,758	
24603	EXAM ELIGIBILITY FEE-FAR REFD	-	-	(15)	-	-	-	-	-	-	
24702	EXAM ELIGIBILITY FEE-REG	48,330	59,909	54,000	52,498	49,820	49,000	48,193	47,400	46,620	
24703	EXAM ELIGIBILITY FEE-REG REFD	-	-	(15)	-	-	-	-	-	-	
24512	EXAM ELIGIBILITY FEE-BAR	-	-	7,860	16,964	15,772	15,512	15,257	15,006	14,759	
24522	EXAM ELIGIBILITY FEE-ISC	-	-	7,695	14,692	18,260	17,959	17,664	17,373	17,087	
24532	EXAM ELIGIBILITY FEE-TCP	-	-	9,015	17,418	21,865	21,505	21,151	20,803	20,461	
24300	TRANSFER OF CREDIT IN (Q Div)	3,580	4,057	3,500	3,247	3,230	3,177	3,125	3,073	3,023	
24301	TRANS OF CREDIT IN REFD	-	-	(240)	-	-	-	-	-	-	
23050	TRANSFER OF CREDIT OUT (L Div)	8,400	9,187	9,120	8,490	9,120	9,120	9,120	9,120	9,120	
23051	TRANS OF CREDIT OUT REFD	-	(40)	(120)	(40)	(120)	(120)	(120)	(120)	(120)	
3719 31020	SALE OF LISTS	663	917	-	663	-	-	-	-	-	
3719 31040	MISC COPIES	-	-	-	-	-	-	-	-	-	
3179 31060	MISC COPIES REFD	-	-	-	-	-	-	-	-	-	
3775 31100	RETURN CHECK FEES	195	195	195	195	195	195	195	195	195	
TOTAL LICENSE, FEES & PERMITS		\$7,214,291	\$7,625,606	\$7,963,125	\$8,888,124	\$9,206,548	\$10,343,135	\$10,314,765	\$10,156,125	\$10,060,764	
SALES OF GOODS AND SERVICES											
3752 39201	SALE OF PUBLICATIONS	-	-	-	-	-	-	-	-	-	
3750 39050	SALE OF FURN & EQUIP	-	-	-	-	-	-	-	-	-	
TOTAL SALES OF GOODS AND SERVICES		-	-	-	-	-	-	-	-	-	
INTEREST AND INVESTMENT INCOME											
25000	TTSTF INTEREST	232,693	200,000	358,040	200,000	180,000	162,000	145,800	131,220	118,098	
25001	DEPOSITORY INTEREST	-	-	-	-	-	-	-	-	-	
25002	INTEREST ON JUDGMENTS	10,342	-	5,940	-	-	-	-	-	-	
TOTAL INTEREST AND INVESTMENT INCOME		243,034	200,000	363,980	200,000	180,000	162,000	145,800	131,220	118,098	
OTHER											
3802 19160	DAC-OTHER CASES	31,842	41,829	24,150	31,842	24,150	24,150	24,150	24,150	24,150	
19900	OTHER MISC REV	(1,601)	-	3	-	-	-	-	-	-	
19930	VOIDED WARRANTS	100	-	565	-	-	-	-	-	-	
32100	LETTERING OF CPA CERT	1,800	3,452	1,250	1,800	1,250	1,250	1,250	1,250	1,250	
32111	LETTERING OF CPA CERT REFD	(50)	(61)	-	(50)	-	-	-	-	-	
34100	AICPA REGRADE (FY 13 to Ad Pen)	-	-	520	-	-	-	-	-	-	
37250	REIMBURSEMENTS - 3rd PARTY	43,124	44,407	44,407	45,741	47,115	48,529	49,985	51,491	53,027	
TOTAL OTHER		\$ 75,216	\$ 89,627	\$ 70,895	\$ 79,333	\$ 72,515	\$ 73,929	\$ 75,385	\$ 76,891	\$ 78,427	
ADJUSTMENTS											
TRANSFER FROM FUND 106											
TOTAL OPERATING FUND REVENUE		\$7,532,542	\$7,915,233	\$8,398,000	\$9,167,457	\$9,459,063	\$10,579,065	\$10,535,949	\$10,364,236	\$10,257,289	
PROFESSIONAL FEES INTEREST REVENUE											
-											
SCHOLARSHIP FUND REVENUE (Note A)		725,888	706,556	736,813	733,690	732,428	730,245	728,069	725,900	723,736	
TOTAL REVENUE		\$ 8,258,430	\$ 8,621,789	\$9,134,812	\$ 9,901,147	\$ 10,191,491	\$ 11,309,310	\$ 11,264,019	\$ 11,090,135	\$ 10,981,025	
OTHER FUNDS COLLECTED:											
Transfer to General Revenue Fund:											
Professional Fee (\$200) (Note B)		32,348	45,822	21,139	33,925	21,139	21,139	21,139	21,139	21,139	
Administrative Penalties (effective FY 14)		106,495	995,527	3,127,186	949,839	1,215,964	1,215,964	1,215,964	1,215,964	1,215,964	
Total Transfers to General Revenue		\$ 138,843	\$ 1,041,349	\$ 3,148,326	\$ 983,763	\$ 1,237,104	\$ 1,237,104	\$ 1,237,104	\$ 1,237,104	\$ 1,237,104	
TOTAL REVENUE AND FUNDS COLLECTED		\$ 8,397,273	\$ 9,663,138	\$ 12,283,138	\$ 10,884,910	\$ 11,428,595	\$ 12,546,414	\$ 12,501,122	\$ 12,327,239	\$ 12,218,129	

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 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
		Actual	Actual	Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1	Proposed Budget v1
		2.5%	6.3%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
SALARIES AND WAGES		3,099,484	3,209,912	\$ 3,888,622	\$ 4,024,723	\$ 4,250,589	\$ 4,469,359	\$ 4,532,849	\$ 4,776,499
OTHER PERSONNEL COSTS:			0						
L1001	S&W - Comp. Per Diem (7025)	8,600	2,400	12,780	12,852	13,302	13,768	14,250	14,748
L1002	S&W - Employees (Longevity - 7022)	42,560	40,620	46,252	43,513	45,036	46,612	48,244	49,932
L1002	S&W - Employees (Lump Sum Term Pay - 7023)	71,316	47,411	77,503	80,216	83,023	85,929	88,937	92,049
L2003	S&W - Employees (Benefit Replacement Pay)	2,187	1,931	2,187	2,187	2,187	2,187	2,187	2,187
M9000	Unemployment Compensation	2,596	-	-	-	-	-	-	-
V2001	Workers' Compensation	-	-	-	-	-	-	-	-
TOTAL, OTHER PERSONNEL COSTS		127,260	92,361	138,722	138,768	143,549	148,496	153,617	158,917
PROFESSIONAL FEES AND SERVICES:									
N2003	Prof Fees - FBI Background Checks (7253)	-	-	-	-	-	-	-	-
N2005	Prof Fees - Legal Services (OAG & Outside Legal)	34,582	2,940	271,688	250,000	258,750	267,806	277,179	286,881
N2021	Prof Fees - Legal Services (OAG Regular Cases)	-	-	-	-	-	-	-	-
N2010	Prof Fees - Legal Services (SOAH)	39,087	15,627	15,627	16,740	17,325	17,932	18,559	19,209
	Prof Fees - Enforcement Reserve	-	-	-	-	-	-	-	-
N2007	Prof Fees - Financial & Acctg Services (7245)	-	-	35,755	37,006	38,301	39,642	41,029	42,465
N2008	Prof Fees - Expert Witnesses	8,173	12,462	272,460	250,000	258,750	267,806	277,179	286,881
N2009	Prof Fees - PROB (7253)	47,617	45,517	56,190	58,157	60,192	62,299	64,479	66,736
N2011	Prof Fees - Computer (7242, 7275) hosting/consulting	59,288	229,098	392,752	429,098	2,343,512	2,345,502	2,245,322	190,197
N2019	Prof Fees - Other	4,334	2,675	4,710	2,866	2,966	3,070	3,177	3,288
N2022	Prof Fees - Sponsor Review Program Reviews	16,625	16,375	25,000	25,000	25,875	26,781	27,718	28,688
W2005	OE - Temporary Support Services (7274)	54,375	34,085	100,000	36,512	37,790	39,113	40,482	41,899
TOTAL, PROFESSIONAL FEES AND SERVICES		264,081	358,777	1,174,180	1,105,378	3,043,462	3,069,951	2,995,126	966,244
FUELS AND LUBRICANTS		197	209	214	224	231	240	248	257
CONSUMABLE SUPPLIES		13,277	14,393	17,518	15,419	15,958	16,517	17,095	17,693
UTILITIES		-	-	-	-	-	-	-	-
TRAVEL:									
P2001	Travel - In-State - Board Members	8,832	5,139	19,197	9,793	10,135	10,490	10,857	11,237
P2002	Travel - In-State - Employees	1,926	3,137	4,649	3,360	3,478	3,600	3,726	3,856
P2003	Travel - In-State - Advisory Comm Mbrs	-	299	1,618	320	332	343	355	368
P2021	Travel - Out-of-State - Board Members	6,269	7,080	6,813	7,585	7,850	8,125	8,409	8,704
P2022	Travel - Out-of-State - Employees	10,216	11,006	11,102	11,790	12,202	12,629	13,071	13,529
P2023	Travel - Out-of-State - Advisory Comm Mbrs	-	-	-	-	-	-	-	-
TOTAL, TRAVEL		27,243	26,661	43,379	32,848	33,997	35,187	36,419	37,694
RENT - BUILDING:									
T2013	Rentals & Leases - Other Space	12,353	12,633	13,425	13,533	14,007	14,497	15,004	15,529
T2014	Rental & Leases - Exam	-	-	-	-	-	-	-	-
T2015	Rental & Leases - SIC	8,545	8,755	14,548	9,379	9,707	10,047	10,398	10,762
TOTAL, RENT - BUILDING		20,897	21,388	27,972	22,912	23,713	24,543	25,402	26,292
RENT - MACHINE AND OTHER:									
T2001	Rentals & Leases - Furn/Eqpt	27,279	26,515	32,337	28,403	29,397	30,426	31,491	32,594
T2003	Rentals & Leases - Furn/Eqpt - Exam	-	-	-	-	-	-	-	-
T2004	Rentals & Leases - Furn/Eqpt - SIC	8,558	8,612	10,737	25,113	25,992	26,902	27,843	28,818
T2016	Rentals & Leases - Telephone (see Commun & Util -Telephone)	-	-	-	-	-	-	-	-
TOTAL, RENT - MACHINE AND OTHER		35,837	35,126	43,075	53,517	55,390	57,328	59,335	61,411

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Expenditure Budget - Operating Fund

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Actual	Proposed Budget v1	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%	3.5%
OTHER OPERATING EXPENSE:								
N2004 Prof Fees - Court Reporters	1,275	-	1,816	1,414	1,463	1,514	1,567	1,622
N2019 Prof Fees - Other	-	-	-	-	-	-	-	-
Q2001 Materials and Supplies	79,923	105,728	371,408	384,407	537,362	519,419	537,599	554,197
N2001 Materials and Supplies - Exam Grading	240	-	-	-	-	-	-	-
Q2005 Materials and Supplies - Office Meter Postage	70,097	43,119	65,295	46,190	47,807	49,480	51,212	53,004
Q2006 Materials and Supplies - Bulk Rate Postage	-	(1,279)	1,035	-	-	-	-	-
Q2009 Materials and Supplies - Other Postage	290	-	315	-	-	-	-	-
R2001 Commun & Utilities	66,751	81,133	72,542	86,911	89,953	93,102	96,360	99,733
Other Utilities	-	-	-	-	-	-	-	-
S2001 Repairs & Maint - Annual Contracts	52,292	56,279	99,480	102,962	106,565	121,707	83,967	36,906
S2005 Repairs & Maint - Other	7,837	21,182	10,242	22,691	23,485	24,307	25,158	26,038
S3011 Repairs & Maint - Alarm System	-	-	-	-	-	-	-	-
U2001 Printing and Reproduction	5,449	17,937	16,915	19,215	19,888	20,584	21,304	22,050
U2002 Printing of Board Reports	8,077	8,405	8,778	10,204	10,561	10,931	11,313	11,709
W2001 OE - Membership Fees	7,270	7,560	11,055	8,098	8,382	8,675	8,979	9,293
W2002 OE - Tuition - Employee Training	-	-	-	-	-	-	-	-
W2003 OE - Registration Fees	10,500	14,614	15,750	15,655	16,203	16,770	17,357	17,964
W2004 OE - Examination Proctors	-	-	-	-	-	-	-	-
W2006 OE - Real Property & Improvement	-	-	-	-	-	-	-	-
W2007 OE - Freight/Delivery Services	1,059	927	2,748	993	1,027	1,063	1,100	1,139
W2009 OE - Convention Center Labor SIC	2,985	3,105	4,347	3,326	3,443	3,563	3,688	3,817
W2011 OE - Monitoring Alarm System	-	-	-	-	-	-	-	-
W2013 OE - Employee Awards	750	244	1,285	261	270	280	289	299
W2014 OE - Witness Fees and Investigation Costs	2,168	-	2,356	2,323	2,404	2,488	2,575	2,665
W2017 OE - Purch of Furn & Eqpt - Inventoried	-	-	-	-	-	-	-	-
W2018 OE - Purch of Furn & Eqpt - Noncap	2,348	14,782	-	-	-	-	-	-
W2020 OE - Other Fees and Charges	44,915	46,406	63,101	49,711	51,451	53,252	55,115	57,044
L1001 Debt Service - Interest (Lease)	37,095	33,109	28,754	24,294	19,632	14,801	9,674	4,364
TBD Debt Service - Interest (SBITAs - IT Leases)	-	-	-	-	-	-	-	-
W2021 OE - Texas Online Processing Fees	182,125	202,401	199,916	208,527	221,202	231,210	239,302	247,678
W2023 OE - SRP Training	-	-	-	-	-	-	-	-
TOTAL, OTHER OPERATING EXPENSE	583,447	655,651	977,138	987,182	1,161,097	1,173,146	1,166,562	1,149,525
PUBLIC ASSISTANCE PAYMENTS:								
Peer Assistance Grant to TXCPA	134,253	134,253	155,500	155,500	155,500	155,500	155,500	155,500
Transfer to EFFA - see below	-	-	-	-	-	-	-	-
TOTAL, PUBLIC ASSISTANCE PAYMENTS	134,253	134,253	155,500	155,500	155,500	155,500	155,500	155,500
CAPITAL EXPENDITURES:								
X5001 Capital Outlay - Furniture/Equipment	-	-	-	-	-	-	-	-
X5005 Capital Outlay - Computer	-	73,706	58,195	78,955	81,719	84,579	87,539	90,603
X5010 Capital Outlay - Leases	-	-	-	-	-	-	-	-
TBD Capital Outlay - SBITAs (IT Leases)	-	-	-	-	1,436,601	-	-	-
X5007 Capital Outlay - Telecommunications	-	-	-	-	-	-	-	-
TOTAL, CAPITAL EXPENDITURES	-	73,706	58,195	78,955	81,719	1,521,180	87,539	90,603
DIRECT COST BUDGET	4,305,977	4,622,439	6,524,516	6,615,425	8,965,205	10,671,448	9,229,692	7,440,634
Indirect Costs:								
M9000 Payroll Related Costs (IC)	1,045,136	1,074,013	1,151,577	1,248,789	1,327,459	1,408,730	1,471,167	1,562,876
Increase % Based on Payroll Related Cost Analysis - Through FY 2023.xls								
7.83% 7032 Emp Retirement	264,196	268,954	308,262	312,721	342,307	373,310	396,964	433,146
3.96% 7041 Employee Insurance (# adjusted from negative)	548,314	567,137	569,339	659,428	686,241	714,116	741,695	771,766
5.70% 7043 Employer's FICA (OASI)	232,626	237,922	273,976	276,640	298,911	321,304	332,508	357,964
T2018 Rentals & Leases-Ofc Bldg (IC) Centennial (7462-0) NET	862	-	-	-	-	-	-	-
T2019 Debt Service Principal - RTU Lease	314,386	328,817	344,047	359,707	375,895	392,586	409,989	427,820
TBD 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)	-	-	25,054	25,931	26,839	27,778	28,750	29,757
X5007 OOE - SORM Assessments	2,791	3,147	9,288	3,371	3,489	3,611	3,737	3,868
Total, Indirect Costs	1,363,174	1,405,976	1,529,967	1,637,797	1,733,681	2,332,705	2,413,644	2,524,321
TOTAL OPERATING BUDGET	\$5,669,151	6,028,415	8,054,483	\$8,253,223	\$10,698,886	\$13,004,152	\$11,643,336	\$9,964,955
EFFA TRANSFERS OUT			\$360,000	\$0	\$0	\$0	\$100,000	\$100,000
	\$ -	0.00						
	(\$5,669,150.63)	(\$6,028,415.01)						

Explanatory Notes:

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

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

E. Submission of the Delivery of Government Efficiency Report.

DISCUSSION: Ms. Seefeld, Presiding Officer, will discuss the following initiative.

Robert Black, Chief of Staff from the Office of the Governor, held a conference call for Executive Directors on February 26, 2025 at 2 p.m. The purpose of the call was to inform state agencies of the creation of the Delivery of Government Efficiency (DOGE) Committee within the Texas House of Representatives. He mentioned this committee was similar to DOGE efforts underway at the federal level. Mr. Black informed us that Texas DOGE committee meetings would take place and state agencies will be asked to inform the committee of various budget cuts. He suggested that possible areas where cuts could be made might be subscriptions to services, memberships to various associations, cuts in consulting services, travel costs, such as sending fewer people to conferences, etc. and cutting budgets for consulting services or advisory committees. Mr. Black notified us that areas of agency budgets that could be eliminated or reduced, resulting in greater efficiencies, should be submitted to the Texas Governor's Office by close of business on March 5, 2025.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

Report to the Texas Delivery of Government Efficiency (DOGE) Committee EXECUTIVE SUMMARY

The Texas State Board of Public Accountancy (TSBPA) has identified several areas of the agency's budget that could be potentially reduced or discontinued. They are in response to the newly-formed Texas Delivery of Government Efficiency (DOGE) Committee and its directive for all Texas state agencies to reduce their budgets. The proposed considerations for agency cost savings will be presented to the Executive Committee of the TSBPA.

As defined by Board *Rule 505.10 Board Committees*, the TSBPA Executive Committee is a policy-making committee of the Board. The Executive Committee's actions are subject to full board ratification at its next regularly scheduled meeting, which will occur on March 13, 2025. The functions of the Executive Committee are to advise, consult with, and make recommendations to the Board concerning the Board's budget and finances. This incorporates legislative oversight, including, but not limited to, budget, performance measures, proposed changes in legislation affecting the board, and other special issues.

The Executive Committee will discuss the following proposed budget reductions of approximately \$81,464 per fiscal year, and present its recommendations to the TSBPA Board at its March 13, 2025 Board meeting:

- Discontinue the print version of the *Texas State Board Report*; the quarterly newsletter for licensees. By switching to a digital-only format of the newsletter and eliminating newsletter printing and mailing costs, the TSBPA has the potential to save approximately \$9,000 per fiscal year.
- The TSBPA Enforcement Division could possibly discontinue or minimize the use of two expert consultant contracts for a potential savings of \$35,000 per fiscal year.
- It may also be possible to eliminate \$14,000 per fiscal year from the Peer Review Oversight Board budget by reducing an additional contract. It would be necessary to make a rule change for this to occur.
- The TSBPA Sponsor Review Program recently lost two of its reviewers whom the agency paid as consultants. The agency could save approximately \$1,000 per fiscal year by not replacing the two consultants who retired, and absorbing the reviews amongst the remaining three reviewers. The remaining reviewers have availability and willingness to take on additional work.
- The TSBPA Licensing Division sends approximately 400 delinquent notices per month via regular mail. Licensing is exploring the possibility of sending one-year delinquent notices via email, instead of regular mail, for an approximate cost

savings of \$2,700 per fiscal year. Licensing could also send administrative complaint letters via regular mail, instead of certified mail, for an approximate cost savings of \$15,000 per fiscal year.

- The TSBPA has the potential for cost savings by reducing its travel budget. Only essential Board members will attend conferences and meetings that involve travel expenses. Potential cost savings of approximately \$3,000 per fiscal year.
- The TSBPA Information Resource Division has determined that the agency could discontinue the use of six Zoom licenses for an estimated cost savings of \$1,764 per fiscal year.

After the TSBPA Executive Committee and TSBPA review and consider these options, the Board will finalize its recommendations to the Texas DOGE Committee for consideration.

Please note the TSBPA is a self-directed, semi-independent agency (SDSI) (Chapter 472 of the Texas Government Code) and is not funded under the General Appropriations Act. The Board remits \$704,000 annually to the General Fund.

The views expressed in this report are those of the agency's Presiding Officer (Debra Seefeld, CPA) and do not reflect the views of the Texas State Board of Public Accountancy. All items in this report will be addressed by the Executive Committee and the Board at their upcoming meetings to be held on March 12, 2025 and March 13, 2025, respectively.

Contact person, William Treacy, 512-305-7801.

Debra Seefeld, CPA
Presiding Officer

William Treacy
Executive Director

Summary Of Efficiency						
	Statutory Citation	Rule Citation	Category	Estimated Annual Savings		
Discontinuation of Printing and Mailing the Texas State Board Report Newsletter	901.201	N/A	Report	\$	9,000.00	
Discontinuation of Consulting Services	901.501	Chapter 519	Fee	\$	35,000.00	
Discontinuation of a Consultant in the Peer Review Oversight Board Program	901.159	Rule 527.7	Fee	\$	14,000.00	
Discontinuation of Sponsor Review Program Consulting Services	901.411	Chapter 523	Fee	\$	1,000.00	
Discontinuation of Certified Mail Costs for One-Year Delinquent Letters	901.405, 901.408	Chapter 515	OTHER	\$	2,700.00	
Discontinuation of Certified Mail Costs for Three-Year Complaint Letters	901.405, 901.408	Chapter 515	OTHER	\$	15,000.00	
Reduction of Agency Travel Budget for Conferences/Meetings	901.151	Chapter 505.8	Travel	\$	3,000.00	
Discontinuing the use of six Zoom licenses	N/A	N/A	Fee	\$	1,764.00	
				\$	81,464.00	

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

F. *89th Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* – Update.

DISCUSSION: Ms Seefeld, Presiding Officer, will report to the Board on proposed revisions to the Texas *Public Accountancy Act*.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

G. Update of the Legacy System Modernization Project:

The Board is modernizing its technology environment in the coming fiscal years, to fully realize the benefits of modern technology and replace legacy systems. It's goal to transition from the legacy AS/400 system to a more advanced platform capable of:

1. Providing a better user interface for constituents and staff;
2. Accommodating changes resulting from CPA Evolution Exam updates from NASBA and AICPA more efficiently & by more staff; and
3. Meeting functionality demands of current business partners, including Texas.gov (credit card processor) and TXCPA more efficiently & by more staff.

Ann Hallam, Director of Information Resources, Lori Shaw, Deputy Director of Information Resources, and Marisa Rios will report on the Legacy System Modernization Project, to include:

- Selection of Project Team Members and in-house Project Manager
- Procurement initiatives
- Next steps

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

H. Discussion, consideration, and possible action of a request for Monayi T. Jacob, CPA, P.C. to continue to operate following the death of the firm owner under Board *Rule 513.16 (Death or Incapacitation of Firm Owner)*.

DISCUSSION: Ms. Seefeld, Presiding Officer, will present a request for Monayi T. Jacob, CPA, P.C. to continue to operate following the death of the firm owner under Board *Rule 513.16 (Death or Incapacitation of Firm Owner)*.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.



TEXAS STATE BOARD
of PUBLIC ACCOUNTANCY

William Treacy, Executive Director

www.tsbpa.texas.gov

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

P: (512) 305-7800

F: (512) 305-7854

(512) 305-7875

February 26, 2025

Mercy Abaham Jacob
4675 IH 30, Suite 101
Mesquite, Texas 75150

Dear Ms. Jacob:

I am in receipt of your letter signed by you advising this agency that your husband, Monayi T. Jacob, CPA, the sole proprietor of the CPA firm of Monayi T. Jacob, CPA, P.C., has passed away. I am very sorry for your loss. I will do all I can to help in your request to allow the continued operation of your husband's firm in accordance with state law. You are asking for authorization to continue the operation of Monayi T. Jacob, CPA, P.C. pursuant to Board *Rule 513.16*, under the supervision of Nallathu A. Mathew, CPA for up to 15 months.

You have provided a copy of your husband's death certificate, appointed Nallathu A. Mathew, CPA to manage the firm during the period of the administration of the estate, and provided the required statement that a disruption of the firm would jeopardize the firm's survivability. Please provide a copy of the Letters Testamentary, or other evidence of your effort to probate his estate, once they have been issued.

Contingent upon our receipt of evidence of probate, you have satisfied the terms of Board *Rule 513.16*. This letter constitutes authorization of the continued operation of the firm Monayi T. Jacob, CPA, P.C. subject to ratification by the Board at its March 13, 2025 meeting.

Please accept my heartfelt condolences to you for your loss.

Sincerely,

William Treacy
Executive Director

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

I. Review of NASBA/AICPA matters:

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

1. NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel, March 25 – 27, 2025 - Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors & Board Staff, March 25 – 27, 2025 - Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025 - Chicago, IL.
2. Joint AICPA/NASBA UAA Committee Exposure Draft: Proposal Supporting Additional Path to CPA Licensure Open for Comment

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.



NASBA

Exposure Draft
Issued March 4, 2025

Uniform Accountancy Act Eighth Edition - January 2018

Comments are due through [this form](#) by May 3, 2025.

Joint AICPA/NASBA UAA Committee Exposure

Amendments to UAA Section 5: Education requirements to sit for the CPA Exam and education requirements for a certificate;
UAA Section 23: Practice privileges for individual mobility.

Published jointly by the

American Institute of Certified Public Accountants
1345 6th Avenue 27th Floor, New York, NY 10105

National Association of State Boards of Accountancy
150 4th Avenue, North, Nashville, TN 37219

March 4, 2025

Dear Interested Parties,

In September 2024, the American Institute of CPAs (AICPA) and the National Association of State Boards of Accountancy (NASBA) released proposed changes to the Uniform Accountancy Act (UAA), the model law governing the CPA profession. Following the conclusion of the comment period on December 30, 2024, the organizations received 194 stakeholder submissions, comprising:

- 124 comments from individuals (including educators, students/candidates, and other stakeholders)
- 7 comments from CPA firms
- 39 comments from state CPA societies
- 24 comments from state boards of accountancy

Two key themes emerged from these submissions: a strong desire across the profession for an additional pathway to CPA licensure, and broad support for the adoption of “individual-based mobility.” In response, the Boards of Directors of both the AICPA and NASBA have approved, for further exposure, revisions to the UAA that will:

- Specify the educational requirements to sit for the Uniform CPA Examination
- Define the requirements for an additional CPA licensure pathway
- Transition from mobility-based on state substantial equivalency to a model predicated on individual licensing criteria
- Encourage the adoption of mobility through an individual practice privilege, which is contingent upon meeting established licensing requirements. Additionally, the revised language provides a safe harbor for CPAs licensed under previously approved pathways.

The exposure draft establishes three pathways to CPA licensure:

- A post-baccalaureate degree with an accounting concentration, one year of experience, and the CPA Exam
- A baccalaureate degree with an accounting concentration supplemented by an additional 30 semester credit hours, one year of experience, and the CPA Exam
- A baccalaureate degree with an accounting concentration, two years of experience, and the CPA Exam

Moreover, the draft permits candidates holding a baccalaureate degree with an accounting concentration to sit for the Uniform CPA Examination, thereby broadening access to licensure.

We believe that these revisions will strengthen the profession by maintaining a strong pipeline of accounting talent while maintaining the system of cross-border practice currently enjoyed by CPAs. We trust that the revised language, which includes provisions to facilitate individual practice privileges and a safe harbor for legacy licensees, addresses the concerns raised during the 2024 comment period.

The AICPA, NASBA, and the Joint UAA Committee welcome your comments on this proposal.

Thomas Neill, CPA
Chair, AICPA UAA Committee

Dan Vuckovich, CPA
Chair, NASBA UAA Committee

The base documents are the January 2018 edition of the UAA (pertinent parts).
Additions are shown in single underlined text, and deletions are shown in ~~single strike-through~~ text.

UAA – 8th Edition, January 2018

SECTION 5
QUALIFICATIONS FOR A CERTIFICATE AS A CERTIFIED PUBLIC
ACCOUNTANT

- (c) (1) The education requirement for a certificate, which must be met before an applicant is eligible to apply for the examination prescribed in subsection (d), shall be at least 150 semester hours of college education including a baccalaureate or higher degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration, or equivalent as determined by Board rule to be appropriate.

(2) The education requirement for a certificate shall be met through any of the following pathways:

(A) a post baccalaureate degree conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(B) a baccalaureate degree plus an additional 30 semester credit hours, conferred by a college or university acceptable to the Board, the total educational program to include an accounting concentration or equivalent as determined by Board rule, or

(C) a baccalaureate degree conferred by a college or university acceptable to the Board, the total education program to include an accounting concentration, or equivalent as determined by Board rule.

Comment: In situations where the Candidate is enrolled in a dual degree accounting program where the bachelor's degree is conferred at or after the completion of the master's degree, the candidate is eligible to sit for the CPA Exam upon the completion of the bachelor's degree requirements and the accounting concentration as determined by board rule.

- (f) The experience for initial issuance of a certificate shall be as follows: An applicant for initial issuance of a certificate under this Section shall show that the applicant has had one year of experience. This experience shall include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills all of which was verified by a licensee, meeting requirements prescribed by the Board by rule. This experience would be acceptable if it was gained through

~~employment in government, industry, academia or public practice.~~

(1) An applicant for initial issuance of a certificate under sections 5(c)2(A) and 5(c)2(B) shall show that the applicant has had one year of experience as defined by Board rule.

(2) An applicant for initial issuance of a certificate under section 5(c)2(C) shall show that the applicant has had two years of experience as defined by Board rule.

(3) This experience shall include providing any type of service or advice representing the skills needed at the time of initial licensure to serve the public and involves the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which was verified by a licensee, meeting requirements defined by Board rule. This experience would be acceptable if it was gained through employment in government, industry, academia, or public practice.

Comment: Before an applicant may obtain a certificate, the applicant must obtain ~~actual~~ related experience; however, that experience can be obtained in any area of employment involving the use of accounting or business skills. In addition, experience should be acceptable whether it is gained through employment in government, industry, academia or public practice. The experience may be supervised by a non-licensee but must be verified by a licensee.

SECTION 23
SUBSTANTIAL EQUIVALENCY
& PRACTICE PRIVILEGE

- (a) (1) An individual whose principal place of business is not in this state and who holds a valid license in good standing as a Certified Public Accountant from any state ~~which the NASBA National Qualification Appraisal Service has verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the practice privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 provided that at the time of initial licensure, the individual was required to show evidence of having met the following requirements:-~~ Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements in Section 23(a) (2).

(A) passed the uniform CPA examination, and

(B) a post-baccalaureate degree with a concentration in accounting or an equivalent and not less than one year of work experience both as defined in Board rule; or

(C) a baccalaureate degree plus an additional 30 semester credit hours with a concentration in accounting or an equivalent and not less than one year of work experience both as defined in Board rule; or

(D) a baccalaureate degree including an accounting concentration or an equivalent and not less than two years of work experience both as defined in Board rule.

COMMENT: A state Board may utilize the NASBA National Qualification Appraisal Service, as its designee, for a recommendation to the Board when it considers a final determination as to whether an individual's certification criteria is equivalent to those in Section 23(a)(1). Individuals whose principal place of business is not in this state and who hold a valid license as a Certified Public Accountant from any state, and whose certification criteria were not equivalent to Section 23(a)(1) at the time of original licensure, but have subsequently met the equivalency standard, may apply to the Board for an evaluation for final Board determination.

- (2) An individual, whose principal place of business is not in this state, and who holds a valid active license as a Certified Public Accountant from any state, as of December 31, 2024, and as of such date, has practice privileges in this state under Section 23, shall continue to have all the privileges of licensees in this state without the need to obtain a license under Sections 6 or 7, which the NASBA National Qualification Appraisal Service has not verified to be in substantial equivalence with the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act shall be presumed to have qualifications substantially equivalent

~~to this state's requirements and shall have all the privileges of licensees of this state without the need to obtain a license under Sections 6 or 7 if such individual obtains from the NASBA National Qualification Appraisal Service verification that such individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of the AICPA/NASBA Uniform Accountancy Act. Any individual who passed the Uniform CPA Examination and holds a valid license issued by any other state prior to January 1, 2012 may be exempt from the education requirement in Section 5(c) for purposes of this Section 23(a)(2).~~

(3) Notwithstanding any other provision of law, an individual who offers or renders professional services, whether in person, by mail, telephone or electronic means, under this section shall be granted practice privileges in this state and no notice or other submission shall be provided by any such individual. Such an individual shall be subject to the requirements of Sections 23(a)(31) and (2).

(34) An individual licensee of another state exercising the privilege afforded under this section and the firm which employs that licensee hereby simultaneously consents, as a condition of the grant of this privilege:

(A) to the personal and subject matter jurisdiction and disciplinary authority of the Board,

(B) to comply with this Act and the Board's rules;

(C) that in the event the license from the state of the individual's principal place of business is no longer valid, the individual will cease offering or rendering professional services in this state individually and on behalf of a firm; and

(D) to the appointment of the State Board which issued their license as their agent upon who process may be served in any action or proceeding by this Board against the licensee.

(45) An individual who has been granted practice privileges under this Section who performs any attest service described in Section 3(b) may only do so through a firm which meets the requirements of Section 7(a)(1)(C) or which has obtained a permit issued under Section 7 of this Act.

(b) A licensee of this state offering or rendering services or using their CPA title in another state shall be subject to disciplinary action in this state for an act committed in another state for which the licensee would be subject to discipline for an act committed in the other state. Notwithstanding Section 11(a), the Board shall be required to investigate any complaint made by the Board of Accountancy of another state.

<p style="text-align: center;">Agenda Item IV Report of the Joint Executive and Rules Committee March 12, 2025</p>

J. 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.

Subject:

Kudos to Telisa Harwell Exam Dept.

From: Ivan Garcia <Ivan.Garcia@azulcfo.com>

Sent: Friday, January 24, 2025 3:51 PM

To: Telisa Harwell <THarwell@tsbpa.texas.gov>

Subject: Thank you

Hi Telisa,

I wanted to express my immense gratitude to you for your willingness to help my son, Ivan Garcia Jr. I've made it a point to not get involved other than to say THANK YOU.

My wife (Patricia C. Garcia) and I are college sweethearts, licensed CPAs, and Ivan Jr is a second-generation college graduate. You can imagine how big a deal it is to our family that Ivan Jr chose to pursue becoming a CPA. He was so disappointed after learning that he was still short several classes despite what he understood from his school advisor. However, your help and guidance are a huge step forward.

With tons of sincere appreciation from a mom and dad,

Ivan A. Garcia and Patricia C. Garcia

Ivan Garcia, CPA, CVGA, CM&AA, CFE
Managing Director



Azul CFOs & Advisors

T: +1 (713)-614-4115

Ivan.Garcia@AzulCFO.com | <https://www.AzulCFO.com/> | [Ivan Garcia](#) | [LinkedIn](#)

Subject:

Swearing In Ceremony 1/25/25

Good morning Mr. Treacy,

Please see the email below from one of our 50-year honorees:

Very best,

JULIE PRIEN, Editor/Graphic Designer

-----Original Message-----

From: Ronald Briggs <rbriggs10@me.com>

Sent: Saturday, January 25, 2025 6:05 PM

To: Julie Prien <JPrien@tsbpa.texas.gov>

Subject: Swearing in Ceremony

Dear Julie,

The Swearing In Ceremony was extremely well done. I want to thank you and all the others who made a really special event. It was well run and heart felt. It was nice to meet you in person. Again thanks for all the hard work. Job well done.

Ronald Briggs, CPA

Sent from Ron's iPhone

From: Phil Palma <pjpalma@verizon.net>
Sent: Monday, January 27, 2025 4:01 PM
To: Julie Prien <JPrien@tsbpa.texas.gov>
Subject: Re: Thank You

Hi Julie,
Thank you so much for your dedication to CPAs and the Texas State Board of Accountancy.
It was a wonderful event and congratulations to all.
Have a great week and thank you once again.
Regards,
Phil Palma, CPA and a 50-year honoree.

Subject: Swearing In Ceremony 1/25/25

Please see below:

Very best,

JULIE PRIEN, Editor/Graphic Designer

From: Tee Bowman <teebowman@gmail.com>

Sent: Monday, January 27, 2025 9:40 AM

To: Julie Prien <JPrien@tsbpa.texas.gov>

Subject: Re: January 25 Ceremony Info

Julie:

Tell William Treacey and everyone involved that TSBPA put on a tremendous event last Saturday that was both enjoyable and helpful to all.

T. (Tee) Hardie Bowman IV

P. O. Box 747

Corpus Christi, TX 78403

361-813-8811

Subject: Maria Graziani - Exam Team

Dear all,
From a soon-to-be licensee to all who helped.
Maria Graziani

From: rj c <crichai@gmail.com>
Sent: Tuesday, February 18, 2025 2:32 PM
To: Maria Graziani <MGraziani@tsbpa.texas.gov>
Subject: Re: FW: Application for Issuance status

Hi Maria,

Along the way, I got so much help from TSBPA, everyone is so helpful and supportive, I am really grateful for that. It did take me a long journey to this step, and it means a lot to me. Now I am almost there, and I really really thank you all for your help! Thank you!

Best

Ruijie Chai

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

- A. Report on the status of SB 262 – Senator Perry relating to eligibility requirements to practice public accountancy.
- B. Report on the Examination Fee Financial Aid Program.
- C. Discussion, consideration and possible action on the Applicant Reassessment Program involving outreach to colleges and universities, study groups professional organizations and other resources.
- D. Discussion, consideration and possible action concerning applicants with CPA Exam credits involving outreach to colleges and universities, study groups, professional organizations and other resources.
- E. Discussion, consideration and possible action on Board *Rule 511.80 – Granting of Credit*
- F. Discussion, consideration and possible action concerning ethics course requirements for CPA certification.
- G. Review of correspondence.

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

- A. Report on the status of SB 262 – Senator Perry relating to eligibility requirements to practice public accountancy.

DISCUSSION: Staff will offer the committee an update on the status of SB 262.

RECOMMENDATION: Information only. No action is required.

SUGGESTED MOTION: Information only. No action is required.

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

B. Report on the Examination Fee Financial Aid Program.

DISCUSSION: As of February 18, 2025, staff received seven applications requesting reimbursement of the CPA Exam fee through the Examination Fee Financial Aid Program (EFFA). The individuals took and passed the first section of the CPA Exam after the effective date of enabling Board Rules in Chapter 520. Six of the individuals were reimbursed and one does not meet the requirements.

The committee is asked to consider the statutory language of the Public Accountancy Act along with the Board Rules (copies provided) to determine the following:

- Does the EFFA program extend to individuals who are no longer accounting students?
- When is an individual no longer considered as an accounting student?
 - After meeting the education requirements to take the CPA Exam
 - After meeting the education requirements for CPA certification
- Is an individual eligible for reimbursement through the EFFA program by taking one academic course in any discipline?
- At the time they applied to take the exam they were an accounting student, but are not currently a student.

RECOMMENDATION: Committee guidance is requested.

SUGGESTED MOTION: Committee guidance is requested.

(Excerpt from the Public Accountancy Act – Chapter 901 of the Occupations Code)
SUBCHAPTER N Scholarships for Accounting Students

Sec. 901.652. PUBLIC PURPOSE. The scholarships required by this subchapter serve a public purpose of the state as described by Section 901.155.

Sec. 901.653. SCHOLARSHIPS. The board shall establish and administer, using funds collected and appropriated for that purpose and in accordance with this subchapter and board rules, scholarships for accounting students.

Sec. 901.654. FACTORS.

(a) Scholarships shall be established and administered in a manner that the board determines best serves the public purpose of the scholarships.

(b) In determining what best promotes the public purpose, the board shall consider at a minimum the following factors relating to each person applying for a scholarship under this section:

(1) financial need;

(2) ethnic or racial minority status; and

(3) scholastic ability and performance in at least 15 hours of upperlevel accounting coursework.

Sec. 901.655. RULES.

(a) The board shall adopt rules as necessary for the administration of this subchapter.

(b) The board shall adopt rules relating to the establishment of the scholarships under Section 901.653, including rules providing eligibility criteria and the determination of the amount of each scholarship.

Sec. 901.656. SCHOLARSHIP REGULATIONS.

(a) The board shall determine the maximum amount of any scholarship awarded under this subchapter. The scholarship may be spent by the recipient on the expenses for tuition, fees, books, supplies, and living expenses incurred by the accounting student in connection with the student's study in an accounting program. Scholarships shall be made available to eligible students attending:

(1) any institution of higher education; or

(2) any nonprofit independent institution approved by the Texas Higher Education Coordinating Board under Section 61.222, Education Code.

(b) The board may award a scholarship under this subchapter only to an eligible student who intends to take the uniform CPA examination conducted by the board for the purpose of granting a certificate of "certified public accountant." An applicant for a scholarship under this subchapter shall state such an intent by filing a form provided by the board stating an intent to take the examination.

(c) A scholarship under this subchapter shall be paid to the recipient in the form of periodic partial payments throughout the school year. The board by rule shall determine the manner in which these payments are made.

Sec. 901.658. FUNDING. The board may:

(1) use without appropriation, in accordance with this subchapter and Section 901.155, any money from the trust fund established under Section 901.155; and

(2) accept gifts, grants, and donations of real or personal property from any entity, subject to limitations or conditions set by law, for the purposes of this subchapter.

Sec. 901.659. MINORITY AND DISADVANTAGED STUDENT INTERNSHIPS.

- (a) The board shall adopt rules to encourage internships for minority and disadvantaged students and certified public accountant examination candidates who notify the board not later than 90 days after the date of being accepted into an accounting internship program.*
- (b) The rules adopted by the board shall include standards for appropriate recognition of an accounting firm for its efforts in training and hiring minority or disadvantaged students.*

Sec. 901.660. REPORT ON ACCOUNTANT SCHOLARSHIP PROGRAM.

- (a) Before January 15 of each odd-numbered year, the board shall report to the legislature concerning the scholarship program for accounting students administered by the board under this sub- chapter.*
- (b) The report expenses shall be included in the administrative costs allocated to the board under Section 901.155. The report must include:*
 - (1) the number and amount of scholarships awarded in the two calendar years preceding the year in which the report is due; and*
 - (2) the number of minority students, by racial or ethnic background, who have been awarded scholarships under the program in that two-year period.*

RULE 520.1 - Authority and Purpose

(a) Authority for this chapter is provided in Subchapter N of the Act, which is titled Scholarships for Accounting Students. This chapter establishes procedures to administer the accounting students scholarship programs.

(b) The purpose of the accounting students scholarship programs is to provide financial assistance to students intending to take the UCPAE and to assist accounting students by establishing the Examination Fee Financial Aid (EFFA) program for the purpose of obtaining a CPA certificate and thus increase the number of highly trained and educated CPAs available to serve the residents of this state.

(c) The purpose of the EFFA program is to provide financial assistance, as long as funding is available as determined by the board, by utilizing operating funds for the reimbursement of exam fees to applicants applying for certification as a CPA as described in §901.653 of the Act (relating to Scholarships).

RULE 520.11 - Eligible Applicants for Examination Fee Financial Aid (EFFA) Program

(a) To receive Examination Fee Financial Aid funds a Texas applicant, having submitted a board approved application to take the UCPAE must:

(1) have not taken a section of the UCPAE prior to the effective date of this rule;

(2) have not passed a section of the UCPAE prior to the effective date of this rule;

(3) take the first section of the UCPAE after the effective date of this rule;

(4) receive their first passing score, as determined by board rule on a section of the UCPAE after the effective date of this rule; and

(5) submit an application to the board for reimbursement of the UCPAE fee within 90 days of receiving the first passing score.

(b) Examination Fee Financial Aid funds are only available to Texas applicants whose purpose is to obtain a certificate of "Certified Public Accountant" in Texas.

RULE 520.12 - Award Amounts and Uses Through the Examination Fee Financial Aid (EFFA) Program

(a) Funds awarded through this program will be in the form of a reimbursement to the applicant for the examination costs paid by the applicant to NASBA for the first section of the UCPAE that was passed.

(b) Award Amounts and Disbursements.

- (1) The minimum and maximum reimbursement to an applicant through this program shall be an amount paid by the applicant to NASBA for the first section of the UCPAE that was passed.*
- (2) The applicant may use board reimbursed funds to take subsequent UCPAE sections or for other purposes and needs of the applicant.*
- (3) The reimbursement shall be paid by the board in the form of a single disbursement.*

RULE 520.13 - Documentation for the Examination Fee Financial Aid (EFFA) Program

The applicant shall provide evidence of financial need by completing and submitting the board application form for the EFFA program.

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

- C. Discussion, consideration and possible action on the Applicant Reassessment Program involving outreach to colleges and universities, study groups, professional organizations and other resources.

DISCUSSION: A statistical analysis of the Applicant Reassessment Program was conducted on February 10, 2025 after the receipt and posting of the most recent exam scores for the AUD, FAR and REG sections of the CPA exam. The following information may be useful in evaluating the effectiveness of the program.

NASBA recommended that boards of accountancy consider a program whereby CPA Exam credits that expired during the COVID-19 Pandemic could be reinstated based on various hardships that CPA exam applicants experienced. NASBA further recommended that any credits that were reinstated would be valid until June 30, 2025.

We recently learned that the District of Columbia Board of Accountancy extended credits to December 31, 2025 as part of the CPA Evolution transition. Candidates with credit on January 1, 2024 will be extended to December 31, 2024.” NASBA plans to poll boards of accountancy to determine if a similar credit extension is offered in other jurisdictions. The results of the poll will be provided when available.

The Board considered the NASBA recommendation and implemented the Applicant Reassessment Program, effective September 27, 2023. CPA exam credits earned and lost between January 1, 2020 and January 1, 2024 were eligible for reinstatement. The applicants requesting credit reinstatement were asked to provide documentation of an extreme hardship occurrence that resulted in the loss of CPA Exam credit.

Amendments to Board *Rule 511.80 – Granting of Credit* were enacted and the excerpt is provided.

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

(1) the applicant was impacted by an unforeseeable and uncontrollable event; and

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

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

215 applicants requested and received CPA Exam credit reinstatement. The following data reflects the progress that these applicants have made since their credit was reinstated.

46 applicants are now Texas CPAs

15 applicants completed all sections of the CPA exam and are awaiting CPA certification

56 applicants completed three sections of the exam

64 applicants completed two sections of the exam

34 applicants completed one section of the exam

Additional analysis of the applicants who have not passed all sections of the CPA exam is provided.

56 applicants completed three sections of the exam

35 – actively testing

5 – AUD

8 – FAR

10 – REG

5 – BAR

3 – ISC

4 – TCP

64 applicants completed two sections of the exam

43 – actively testing

9 – AUD

18 – FAR

10 – REG

3 – BAR

7 – ISC

7 – TCP

13 of the applicants are scheduled to take two sections

34 of the applicants are scheduled to take one section.

34 applicants completed one section of the exam

15 – actively testing

3 – AUD

7 – FAR

1 – REG

3 – BAR

4 – ISC

5 – TCP

1 of the applicants is scheduled to take three sections

3 of the applicants are scheduled to take two sections

11 of the applicants are scheduled to take one section

This data reflects the following percentages of the applicants who received credit reinstatement.

28.4% passed all sections of the CPA exam and are certified or awaiting certification (61 applicants).

60.4% of the applicants who have not passed all sections (154 applicants with 93 actively testing) are actively testing.

39.6% are not actively testing (61 applicants).

Unless the 154 applicants who have not passed all sections of the exam are successful by June 30, 2025, the credits that were reinstatement will expire. Emails were sent to the applicants the week of Feb 3-7, 2025 and eight months prior to the June 30, 2025 date advising them of the credit expiration.

This is a small subset of Texas applicants who take and pass sections of the CPA exam. Through the Applicant Reassessment Program there is a strict time limit for credits, this may generate questions about how the Board can offer guidance to candidates on completing the CPA exam. It may be through Board initiated actions, efforts by colleges and universities, review course providers and professional organizations that the CPA pipeline can improve. While the staff is neutral on recognition of credit hours of CPA review courses, this may be an issue to be considered by the committee. Here are some suggestions that may be helpful.

Board Efforts

Website posts

- AICPA Blueprints
- CPA Exam Dates
- Specific dates for review courses, refresher courses, bootcamps

Communications

- Brief social message posts concerning date-specific prep courses
- Emails to firms and organizations with information on how to support employees as they prepare and take the CPA Exam
- Inform exam applicants about prep courses that are available
- Survey Exam applicants about factors contributing to delays in testing
- Offer an exit survey to Exam applicants after the completion of a CPA exam prep course

College and University Efforts

Course offerings

- Intensive CPA review courses
- Refresher courses
- Low or no cost to applicants
- On-line instructions
- Pre-recorded modules
- Engage instructors experienced in the current CPA Exam material being tested
- Inform the Board of the dates, locations, cost and type of courses being offered

Professional Organization Efforts

- Bootcamps for students and exam applicants
- Interface with firms and organizations – benefits to companies by employing students and exam applicants and how to support employees as they prepare and take the exam
- Facilitate short duration CPA exam prep courses
- Engage instructors experienced in the current CPA Exam material being tested
- Inform the Board of the dates, locations, cost and type of courses being offered

Review Course Provider Efforts

- Intensive CPA review courses
- Develop short duration CPA exam prep courses specific to a Core and Discipline subject
- Low or no cost to applicants
- On-line instructions
- Pre-recorded modules
- Engage instructors experienced in the current CPA Exam material being tested
- Inform the Board of the dates, locations, cost and type of courses being offered

The committee is asked to consider if any additional extensions or actions are needed to assist applicants who have one – three CPA Exam credits.

RECOMMENDATION: Committee guidance is requested.

SUGGESTED MOTION: Committee guidance is requested.

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

- D. Discussion, consideration and possible action concerning applicants with CPA Exam credits involving outreach to colleges and universities, study groups, professional organizations and other resources.

DISCUSSION: A recent analysis of the Board's records reflects that 2,811 applicants have earned one to three credits on the CPA Exam.

1,298 applicants have 1 credit

869 applicants have 2 credits

644 applicants have 3 credits

All credits reported are valid for 30 months based on the date the credit was earned. The expiration of the credits ranges from June 30, 2025 to August 7, 2027.

A further analysis was conducted to identify the applicants' current addresses and the nearest Texas Society of CPAs (TXCPA) chapter. This information may be useful if the TXCPA chapters offer bootcamps and intensive prep courses aimed at increasing the number of applicants who pass the CPA Exam. It should be noted that cities must have six or more applicants to be included in the report. Additionally, there are 153 applicants with out-of-state addresses.

CPA Exam Applicants with 1-3 Credits and Live in the TXCPA Chapter Area

Abilene	9
Austin	195
Brazos Valley	45
Central Texas	26
Corpus Christi	13
Dallas	626
East Texas	26
El Paso	38
Ft Worth	197
Houston	697
Panhandle	18
Permian Basin	24
Rio Grande Valley	25
San Angelo	14

San Antonio	143
South Plains	45
South East	8
Wichita Falls	6

The committee is asked to offer guidance on ways the Board can support exam applicants to achieve their goal and become Texas CPAs.

RECOMMENDATION: Committee guidance is requested.

SUGGESTED MOTION: Committee guidance is requested.

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

E. Discussion, consideration and possible action on Board *Rule 511.80 – Granting of Credit*.

DISCUSSION: Board *Rule 511.80* is provided for the committee's review. Given the information provided in agenda items relating to reinstatement of CPA exam credits through the Applicant Reassessment Program and applicants with one to three credits on the CPA exam, the committee is asked if amendments to the Rule are needed.

RECOMMENDATION: Committee guidance is requested.

SUGGESTED MOTION: Committee guidance is requested.

Rule §511.80 - Granting of Credit

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

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

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

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

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

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

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

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

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

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

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

3 (1) auditing and attestation (AUD);

4 (2) financial accounting and reporting (FAR);

5 (3) taxation and regulation (REG); and

6 (4) one of the following discipline sections:

7 (A) business analysis and reporting (BAR);

8 (B) information systems and controls (ISC); or

9 (C) tax compliance and planning (TCP).

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

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

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

20 (1) the applicant was impacted by an unforeseeable and uncontrollable event; and

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

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

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

- F. Discussion, consideration and possible action concerning ethics course requirements for CPA certification.

DISCUSSION: The Enforcement Department conducted an analysis of the number of violations by CPAs of the Chapter 501 - Rules of Professional Conduct. The committee is asked to consider the findings outlined in the analysis to determine if the academic ethics course that is required for CPA certification should be amended.

Excerpt from Board Rule 511.164 - *Definition of 150 Semester Hours to Qualify for Issuance of a Certificate* establishes the criteria for the ethics course.

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

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

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

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

RECOMMENDATION: Committee guidance is requested.

SUGGESTED MOTION: Committee guidance is requested.

Most Common Rule Violations

The Board has identified the following most common rule violations that resulted in a disciplinary action:

Year	Rule Violation	Description	#
2014	501.93	Responses to Board communications	11
2015	527.5	Deficient Reviews (Peer Review)	12
2016	527.5	Deficient Reviews (Peer Review)	9
2017	501.60	Auditing Standards	10
2018	501.93	Responses to Board communications	8
2019	501.81	Firm Licensing	8
2020	501.90(7)	Suspension/revocation of or any consent decree concerning the right to practice before any state or federal regulatory or licensing body for a cause which in the opinion of the board warrants its action	11
2021	501.73	Integrity and Objectivity	23
	523.114	Disciplinary Actions Relating to CPE	23
2022	501.60	Auditing Standards	10
2023	501.90(5)	Final conviction of any crime or imposition of deferred adjudication or community supervision in connection with a criminal prosecution, an element of which is dishonesty or fraud under the laws of any state or the United States, a criminal prosecution for a crime of moral turpitude, a criminal prosecution involving alcohol abuse or controlled substances, or a criminal prosecution for a crime involving physical harm or the threat of physical harm	7
2024	501.60	Auditing Standards	11

Ranking:

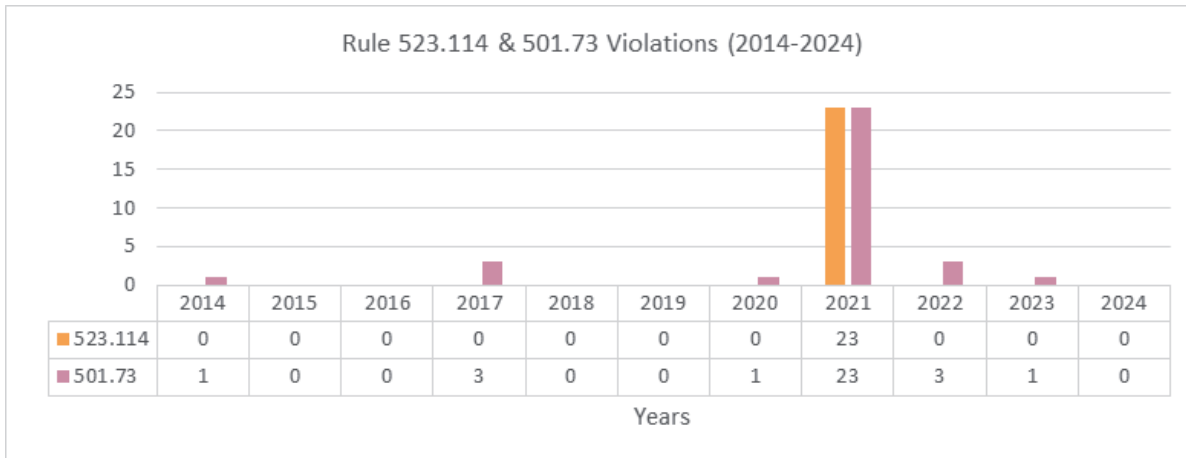
- 501.60** (33): Auditing Standards
- 527.5** (21): Deficient Reviews (Peer Review)
- 501.93** (19): Responses to the Board (Not responding to Board communications in a timely manner)

Rules 523.114 (disciplinary actions relating to CPE) and *501.73* (integrity and objectivity) are tied on the top spot for the highest times a rule has been violated per year, both occurring 23 times during 2021. This is around twice the amount of the highest times a rule has been violated (12 times for *527.5* in 2021). However, this is an outlier due to a major firm enforcement action in 2021.

- Out of the 34 total Technical Standards Review (TSR) Agreed Consent Orders (ACOs) in 2021, 23 ACOs are CPAs involved in a major firm enforcement action. That is approximately 67.6% of all TSR ACOs in 2021.
- Out of 51 total ACOs in 2021, that would be approximately 45%.

2021 is also the only year in the past decade where *Rule 523.114* has been violated. See Figure 1.

Figure 1: Rule 523.114 (disciplinary actions relating to CPE) & 501.73 (integrity and objectivity) from 2014-2024.



Most Common Rule Violations from 2014-2024 in Total

Specific Rules

Top 5 Rule Violations	Description	#
501.60	Auditing Standards	72
501.74(b)	Competence – (b) due professional care	55
501.93	Responses to Board communications	52
501.90(4)	Discreditable Acts – (4) final conviction of a felony/imposition of deferred adjudication/community supervision in connection with a criminal prosecution of a felony under the laws of any state/US.	51
501.90(7)	Discreditable Acts – (7) suspension/revocation of or any consent decree concerning the right to practice before any state/federal regulatory/licensing body for a cause which in the opinion of the Board warrants its action.	49

Ranking:

- 501.60:** Auditing Standards
- 501.74(b):** Competence – (b) due professional care
- 501.93:** Responses to the Board (Not responding to Board communications in a timely manner)

Rule 501.60 is the single most violated rule for the past decade. This indicates that most respondents have trouble complying with auditing standards, such as the Generally Accepted Auditing Standards. There seems to be an upward trend in 501.60 violations from 2014, which is likely caused by an increase in Securities and Exchange Commission and Public Company Accounting Oversight Board activities.

Note: Many Rule 501.90(12) (failure to respond to a client) complaints are not included in the tables above because Board staff is able to resolve the dispute through the CPA's voluntary compliance resulting in the Board not having to open a complaint. The Board's regulatory philosophy is "compliance over condemnation."

Agenda Item V.

Qualifications Committee Agenda

March 12, 2025

G. Review of correspondence.

DISCUSSION: Staff will present correspondence for the committee's consideration.

RECOMMENDATION: Information only. No action is required.

SUGGESTED MOTION: Information only. No action is required.

Agenda Item VI
Behavioral Enforcement Committee
February 11, 2025

The Behavioral Enforcement Committee met in person and by video conference on February 11, 2025 at 10:00 a.m.

Members Present

Jeannette P. Smith, CPA
Committee Chair
Susan I. Adams, CPA
Jill A. Holup
James M. Trippon, CPA
C. Bennett Allison, CPA
Patrick L. 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 THEY BE DISMISSED BASED UPON INSUFFICIENT EVIDENCE OF A VIOLATION OF THE ACT OR THE RULES:

- 1. Investigation Nos. 24-12-01L & 24-12-02L:** Respondents allegedly used a client's 2022 chart of accounts to set up the QBO instead of the 2023 budget resulting in discrepancies in the client's 2023 books requiring the client to spend additional funds to have someone reconcile the trial balance and general ledger. **(Board action required)**
- 2. Investigation Nos. 24-11-01L & 24-11-02L:** Respondents allegedly filed an extension without authorization and failed to inform a client an amount to pay and that estimated tax payments were due on April 15. **(Board action required)**
- 3. Investigation Nos. 24-11-03L & 24-11-04L:** Respondents allegedly incorrectly advised a client that her business was not required to pay sales tax. **(Board action required)**

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

Agenda Item VII
Technical Standards Review Committee
January 29, 2025

The Technical Standards Review Committee met on Wednesday, January 29, 2025, by video conference beginning at 9:00 a.m.

Members Present

Ray R. Garcia, CPA

Committee Chair

Kimberly Crawford, CPA

Susan Warren, CPA

Sheila Vallés-Pankratz

Douglas Koval, CPA

Juliet Williams, CPA

Member Absent

Dilliana Stewart, CPA

Staff Present

J. Randel (Jerry) Hill, Esq.

John Moore, Esq.

- **OTHER:** The committee considered two matters during its meeting. At this time these matters do not require Board action.

Agenda Item VIII
Consideration of Agreed Consent Orders &
Administrative Disciplinary Actions
March 13, 2025

A. AGREED CONSENT ORDERS

Behavioral Enforcement Committee

1. Investigation No. 24-11-05L
2. Investigation No. 24-05-06L
3. Investigation No. 24-09-03L
4. Investigation Nos. 24-10-01L & 24-10-02L
5. Investigation No. 25-01-05L
6. Investigation Nos. 14-10-19L, 14-10-20L,
14-12-11L, 14-12-12L,
14-12-19L, 14-12-20L,
15-01-11L, 15-01-12L,
15-01-13L, 15-01-14L,
21-03-08T

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

1. Investigation Nos. 24-10-10001 -- 24-10-10100
2. Investigation Nos. 24-11-10001 – 24-11-10082
3. Investigation Nos. 24-10-10101 – 24-10-10263
4. Investigation Nos. 24-11-10083 – 24-11-10238
5. Investigation Nos. 24-10-10264 – 24-10-10282
6. Investigation Nos. 24-11-10239 – 24-11-10254

Respondent agreed to the suspension of her certificate for a period of at least six months by Board Order of the Kansas Board of Accountancy. The Texas Board suspended her Texas Certificate by Board Order dated May 21, 2015. Because of the limitations of suspension, Respondent requested to surrender her certificate. Respondent's certificate was surrendered by Board Order dated November 19, 2015.

The BEC considered these matters during its meetings on March 11, 2015, December 5, 2024, and February 11, 2025. Board members Susan I. Adams, CPA; Jill A. Holup; Jeannette P. Smith, CPA; and James M. Trippon, 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. 24-10-10001 - 24-10-10100
2. Investigation Nos. 24-11-10001 - 24-11-10082

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)*; as well as *Act Section 901.411*. No Board committee considered these actions.

3. Investigation Nos. 24-10-10101 - 24-10-10263
4. Investigation Nos. 24-11-10083 - 24-11-10238

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. 24-10-10264 - 24-10-10282

6. Investigation Nos. 24-11-10239 - 24-11-10254

<p style="text-align: center;">Agenda Item IX Consideration of Adoption of Board Rules March 13, 2024</p>
--

DISCUSSION: The rules listed below were proposed for amendment on first reading at the January 16, 2025 meeting.

RECOMMENDATION: The staff recommends that the proposed rules be adopted as presented on second reading.

SUGGESTED MOTION: That the proposed rules listed below be adopted as presented on second reading.

1. *Section 501.52 (Definitions)*
2. *Section 501.53 (Applicability of Rules of Professional Conduct)*
3. *Section 501.55 (Definition of Acronyms)*
4. *Section 501.60 (Auditing Standards)*
5. *Section 501.63 (Reporting Standards)*
6. *Section 501.79 (Transfer or Return of Files Resulting from the Sale, Transfer, Discontinuation or Acquisition of Practice) (New Rule)*
7. *Section 501.81 (Firm Licensing)*
8. *Section 501.90 (Discreditable Acts)*
9. *Section 501.93 (Responses)*
10. *Section 507.4 (Confidentiality)*

Adopted Amendment

§501.52. Definitions.

The following words and terms, when used in title 22, part 22 of the Texas Administrative Code relating to the Texas State Board of Public Accountancy, shall have the following meanings, unless the context clearly indicates otherwise. The masculine shall be construed to include the feminine or neuter and vice versa, and the singular shall be construed to include the plural and vice versa.

- (1) "Act" means the Public Accountancy Act, Chapter 901, Occupations Code;
- (2) "Advertisement" means a message which is transmitted to persons by, or at the direction of, a person and which has reference to the availability of the person to perform Professional Accounting Services;
- (3) "Affiliated entity" means an entity controlling or being controlled by or under common control with another entity, directly or indirectly, through one or more intermediaries;
- (4) "Attest Service" means:
 - (A) an audit or other engagement required by the board to be performed in accordance with the auditing standards adopted by the AICPA, PCAOB, or another national or international accountancy organization recognized by the board;
 - (B) a review or compilation required by the board to be performed in accordance with standards for accounting and review services adopted by the AICPA or another national or international accountancy organization recognized by the board;
 - (C) an engagement required by the board to be performed in accordance with standards for attestation engagements adopted by the AICPA or another national or international accountancy organization recognized by the board; or
 - (D) any other assurance service required by the board to be performed in accordance with professional standards adopted by the AICPA or another national or international accountancy organization recognized by the board;
- (5) "Board" means the Texas State Board of Public Accountancy;
- (6) "Charitable Organization" means an organization which has been granted tax-exempt status under the Internal Revenue Code of 1986, §501(c), as amended;
- (7) "Client" means a party who enters into an agreement with a license holder or a license holder's employer to receive a professional accounting service or professional accounting work;

(8) "Client Practice of Public Accountancy" is the offer to perform or the performance by a person for a client or a potential client of professional accounting services or professional accounting work, and also includes:

(A) the advice or recommendations in connection with the sale or offer for sale of products (including the design and implementation of computer software), when the advice or recommendations routinely require or imply the possession of accounting or auditing skills or expert knowledge in auditing or accounting; and

(B) the performance of litigation support services;

(9) "Commission" means compensation for recommending or referring any product or service to be supplied by another party;

(10) "Contingent fee" means a fee for any service where no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. However, a person's non-Contingent fees may vary depending, for example, on the complexity of the services rendered. Fees are not contingent if they are fixed by courts or governmental entities acting in a judicial or regulatory capacity, or in tax matters if determined based on the results of judicial proceedings or the findings of governmental agencies acting in a judicial or regulatory capacity, or if there is a reasonable expectation of substantive review by a taxing authority;

(11) "Financial Statements" means a presentation of financial data, including accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time, or the changes therein for a period of time, in accordance with generally accepted accounting principles or other comprehensive basis of accounting. Incidental financial data to support recommendations to a client or in documents for which the reporting is governed by Statements on Standards for Attestation Engagements and tax returns and supporting schedules do not constitute financial statements for the purposes of this definition;

(12) "Firm" means a sole proprietorship, partnership, limited liability partnership, limited liability company, corporation or other legally recognized business entity engaged in the practice of public accountancy;

(13) "Good standing" means compliance by a licensee with the board's licensing rules, including the mandatory continuing education requirements, Peer Review, and payment of the annual license fee, and any penalties and other costs attached thereto. In the case of board-imposed disciplinary or administrative sanctions, the person must be in compliance with all the provisions of the board order to be considered in good standing;

(14) "Licensee" means the holder of a license issued by the board to a person pursuant to the Act, or pursuant to provisions of a prior Act;

(15) "Out of state practitioner and out of state firm" means a person licensed in another jurisdiction practicing in Texas pursuant to a practice privilege as provided for in

§901.461 and §901.462 of the Act (relating to Practice by Certain Out-of-State Firms and Practice by Out-of-State Practitioner with Substantially Equivalent Qualifications);

(16) "Peer Review," "Quality Review" or "Compliance Assurance" means the study, appraisal, or review of the professional accounting work of a public accountancy firm that performs attest services by a certificate holder who is not affiliated with the firm;

(17) "Person" means an individual, sole proprietorship, partnership, limited liability partnership, limited liability company, corporation or other legally recognized business entity that provides or offers to provide professional accounting services or professional accounting work as defined in paragraph (22) of this section;

(18) "Principal office" means the location specified by the client as the address to which a client practice of public accounting service is directed and is synonymous with Home Office where it appears in the Act;

(19) "Practice unit" means an office of a firm required to be licensed with the board for the purpose of the client practice of public accountancy;

(20) "Practice privilege" means the privilege for an out-of-state person to provide certain Professional Accounting Services or Professional Accounting Work in Texas to the extent permitted under Chapter 517 of this title (relating to Practice by Certain Out of State Firms and Individuals);

(21) "Preparation engagement" means the preparation of financial statements that do not include an audit, review or a compilation report on those financial statements in accordance with Standards for Accounting and Review Services adopted by the AICPA;

(22) "Professional Accounting Services" or "professional accounting work" means services or work that requires the specialized knowledge or skills associated with certified public accountants, including but not limited to:

(A) issuing reports on financial statement(s);

(B) preparation engagements pursuant to SSARS;

(C) providing management or financial advisory or consulting services;

(D) preparing tax returns;

(E) providing advice in tax matters;

(F) providing forensic accounting services;

(G) providing internal auditing services;

(H) accounting, auditing and other assurance services;

(I) providing litigation support services; and

(J) recommending the sale of a product if the recommendation requires or implies accounting or auditing skills.

(23) "Report" means an opinion, report, or other document, prepared in connection with an attest service that states or implies assurance as to the reliability of financial statement(s); and includes or is accompanied by a statement or implication that the person issuing the opinion, report, or other document has special knowledge or competence in accounting or auditing. A statement or implication of assurance as to the reliability of a financial statement or as to the special knowledge or competence of the person issuing the opinion, report, or other document includes any form of language that is conventionally understood to constitute such a statement or implication. A statement or implication of special knowledge or competence in accounting or auditing may arise from the use by the issuer of the opinion, report, or other document of a name or title indicating that the person is an accountant or auditor; or the language of the opinion, report, or other document itself.

(24) Interpretive Comment: The practice of public accountancy is defined in §901.003 of the Act (relating to the Practice of Public Accountancy).

Adopted Amendment

§501.53. Applicability of Rules of Professional Conduct.

(a) All of the rules of professional conduct shall apply to and must be observed by a certificate or registration holder and any individual who holds a certificate of license as a CPA in another state and whose principal place of business is not in this state but offers or renders professional accounting services in this state pursuant to §901.462 of the Act (relating to Practice by Out-Of-State Practitioner with Substantially Equivalent Qualifications) engaged in the client practice of public accountancy.

(b) Notwithstanding subsection (a) of this section, the following rules of professional conduct shall be required of all licensees, including licensees practicing pursuant to §901.462 of the Act and certificate or registration holders not employed in the client practice of public accountancy:

(1) §501.63(b) of this chapter (relating to Reporting Standards);

(2) §501.73 of this chapter (relating to Integrity and Objectivity) when in an employer/employee relationship;

(3) §501.74 of this chapter (relating to Competence);

(4) §501.77 of this chapter (relating to Acting through Others);

(5) §501.78 of this chapter (relating to Withdrawal or Resignation);

(6) §501.90 of this chapter (relating to Discreditable Acts);

(7) §501.91 of this chapter (relating to Reportable Events);

(8) §501.92 of this chapter (relating to Frivolous Complaints);

(9) §501.93 of this chapter (relating to Responses); and

(10) §501.94 of this chapter (relating to Mandatory Continuing Professional Education).

Adopted Amendment

§501.55. Definition of Acronyms.

The following acronyms, when used in Title 22, Part 22 of the Texas Administrative Code relating to the Texas State Board of Public Accountancy, shall have the following meanings:

- (1) "AICPA" means the American Institute of Certified Public Accountants;
- (2) "CPA" means Certified Public Accountant;
- (3) "CPE" means continuing professional education;
- (4) "FASB" means the Financial Accounting Standards Board;
- (5) "GAAP" means Generally Accepted Accounting Principles;
- (6) "GAAS" means Generally Accepted Auditing Standards;
- (7) "GAGAS" means Generally Accepted Government Auditing Standards;
- (8) "GASB" means the Governmental Accounting Standards Board;
- (9) "IASB" means the International Accounting Standards Board;
- (10) "IESB" means the International Ethics Standards Board;
- (11) "IFRB" means International Financial Reporting Bulletins;
- (12) "IFRS" means International Financial Reporting Standards;
- (13) "IRS" means the Internal Revenue Service;
- (14) "NASBA" means the National Association of State Boards of Accountancy;
- (15) "NPRC" means the National Peer Review Committee;
- (16) "PCAOB" means the Public Company Accounting Oversight Board;
- (17) "SAS" means Statements on Auditing Standards;
- (18) "SEC" means the United States Securities and Exchange Commission;
- (19) "SOAH" means the State Office of Administrative Hearings;
- (20) "SSAE" means Statements on Standards for Attestation Engagements;

- (21) "SSARS" means Statements on Standards for Accounting and Review Services;
- (22) "SSCS" means Statements on Standards for Consulting Services;
- (23) "SSTS" means Statements on Standards for Tax Services;
- (24) "TSBPA" means Texas State Board of Public Accountancy;
- (25) "TXCPA" means the Texas Society of Certified Public Accountants;
- (26) "UAA" means the Uniform Accountancy Act;
- (27) "UCPAE" means the Uniform Certified Public Accountant Examination;
- (28) "U.S. GAO" means the United States Government Accountability Office; and
- (29) "U.S. IQAB" means the United States International Qualifications Appraisal Board.

Adopted Amendment

§501.60. Auditing Standards.

A person shall not permit his name to be associated with financial statements in such a manner as to imply that he is acting as an auditor with respect to such financial statements, unless he has complied with GAAS. Each of the following are considered to be sources of GAAS:

- (1) SAS issued by the AICPA;
- (2) auditing standards included in Standards for Audit of Government Organizations, Programs, Activities and Functions issued by the U.S. GAO;
- (3) auditing and related professional practice standards and rules to be used by registered public accounting firms issued by the PCAOB; as well as,
- (4) other pronouncements having similar generally recognized authority.

Adopted Amendment

§501.63. Reporting Standards.

(a) A licensee in the client practice of public accountancy must comply with SSARS or another similar standard of a national or international accountancy organization recognized by the board when transmitting a client's financial statements to the client or a third party.

(b) A licensee not employed in the client practice of public accountancy may prepare his employer's financial statements and may issue non-attest transmittals or information regarding non-attest transmittals without a firm license, provided those transmittals do not purport to be in compliance with SSARS or any other similar standard of a national or international accountancy organization recognized by the board.

(c) A licensee performing a preparation engagement is not required to enroll in peer review.

Adopted New Rule

§501.79. Transfer or Return of Files Resulting from the Sale, Transfer, Discontinuation or Acquisition of Practice.

(a) A licensee or licensee's firm that sells or transfers all or part of the licensee's practice to another person, firm, or entity, and is employed by the firm or retains ownership in the firm, is required to notify the clients of the change in ownership within 30 days of the sale or transfer.

(b) A licensee or licensee's firm that sells or transfers all or part of the licensee's practice to another person, firm, or entity and will no longer be employed by or retain any ownership in the practice is required to:

(1) submit a written request to each client subject to the sale or transfer, requesting the client's consent to transfer its files to the successor firm. The licensee should not transfer any client files to the successor firm until the client's consent is obtained. The licensee is required to retain evidence of consent for at least five years from the date of sale or transfer of the firm;

(2) arrange to return any client records, not transferred to the new firm, unless the licensee and client agree to some other arrangement; and

(3) retain in a confidential manner, client files where the licensee is unable to contact the client, for at least five years from the sale or transfer. When practicing before the IRS or other taxing authorities or regulatory bodies, licensees should ensure compliance with the most restrictive retention requirements.

(c) A licensee who discontinues his or her practice but does not sell or transfer the practice to a successor firm, is required within 30 days of the discontinuation of the practice to:

(1) Notify each client in writing of the discontinuation of the practice. The licensee must retain evidence of notification made to clients for at least five years. The licensee is not required to provide notification to former clients of the firm.

(2) Return any client records that the licensee is required to provide to the client, unless the licensee and client agree to some other arrangement.

(3) Retain in a confidential manner, client files where the licensee is unable to contact the client, for at least five years from the discontinuation of the practice. When practicing before the IRS or other taxing authorities or regulatory bodies, licensees should ensure compliance with any retention requirements that are more restrictive.

(d) A licensee who acquires all or part of a practice from another person, firm, or entity (predecessor firm) should be satisfied that all clients of the predecessor firm subject to the acquisition have consented to the licensee's continuation of professional services and retention of any client files or records the successor firm retains.

Adopted Amendment

§501.81. Firm Licensing.

(a) A firm, may not provide or offer to provide attest services or use the title "CPA," "CPAs," "CPA Firm," "Certified Public Accountants," "Certified Public Accounting Firm," or "Auditing Firm" or any variation of those titles unless the firm holds a firm license issued by the board or qualifies under a practice privilege. A firm license is not valid for any date or for any period prior to the date it is issued by the board and it automatically expires and is no longer valid after the end of the period for which it is issued. A firm license does not expire when the application for license renewal is received by the board prior to its expiration date. An expiration date for a firm license may be extended by the board, in its sole discretion, upon a demonstration of extenuating circumstances that prevented the firm from timely applying for or renewing a firm license.

(b) A firm is required to hold a license issued by the board if the firm establishes or maintains an office in this state.

(c) Each advertisement or written promotional statement that refers to a CPA's designation and his or her association with an unlicensed entity in the client practice of public accountancy must include the disclaimer: "This firm is not a CPA firm and these services are not regulated by the Texas State Board of Public Accountancy." The disclaimer must be included in conspicuous proximity to the name of the unlicensed entity and be printed in a size at least equal to, and a type not less bold than that contained in the body of the advertisement or written statement. If the advertisement is in audio format only, the disclaimer shall be clearly declared at the conclusion of each such presentation.

(d) The requirements of subsection (c) of this section do not apply with regard to a person performing services:

(1) as a licensed attorney at law of this state while in the practice of law or as an employee of a licensed attorney when acting within the scope of the attorney's practice of law;

(2) as an employee, officer, or director of a federally-insured depository institution, when lawfully acting within the scope of the legally permitted activities of the institution's trust department; or

(3) pursuant to a practice privilege.

(e) On the determination by the board that a person has practiced without a license or through an unlicensed firm in violation of subsection (c) of this section, the person's certificate shall be subject to revocation and may not be reinstated for at least 12 months from the date of the revocation.

(f) Interpretive Comment: A person who is employed by an unlicensed firm that offers services that fall within the definitions of the client practice of public accountancy as

defined in §501.52(8) and (22) of this chapter (relating to Definitions) and §901.003 of the Act (relating to Practice of Public Accountancy) must comply with the disclaimer requirement found in subsection (c) of this section.

Adopted Amendment

§501.90. Discreditable Acts.

A discreditable act evidences a lack of integrity and reflects adversely on that person's fitness to engage in the practice of public accountancy. The board may discipline a person for the following discreditable acts:

- (1) fraud or deceit in obtaining a certificate as a CPA or in obtaining registration under the Act or in obtaining a license to practice public accounting;
- (2) dishonesty, fraud or gross negligence in the practice of public accountancy;
- (3) violation of any of the provisions of Subchapter J or §901.458 of the Act (relating to Loss of Independence) applicable to a person certified or registered by the board;
- (4) final conviction of a felony or imposition of deferred adjudication or community supervision in connection with a criminal prosecution of a felony under the laws of any state or the United States;
- (5) final conviction of any crime or imposition of deferred adjudication or community supervision in connection with a criminal prosecution, an element of which is dishonesty or fraud under the laws of any state or the United States, a criminal prosecution for a crime of moral turpitude, a criminal prosecution involving alcohol abuse or controlled substances, or a criminal prosecution for a crime involving physical harm or the threat of physical harm;
- (6) a revocation, cancellation, placement on probation, limitation on the scope of practice, or suspension by another state, or a refusal of renewal by another state, of the authority issued by that state to the person, or to the person's partner, member, or shareholder, to engage in the practice of public accountancy for a reason other than the failure to pay the appropriate authorization fee;
- (7) suspension or revocation of or any consent decree concerning the right to practice before any state or federal regulatory or licensing body for a cause which in the opinion of the board warrants its action;
- (8) a final finding of conduct by state or federal courts of competent jurisdiction, agencies, boards, local governments or commissions for violations of state or federal laws or rules or findings of unethical conduct by licensees that engage in activities regulated by entities including but not limited to: the Public Company Accounting Oversight Board, Internal Revenue Service, U.S. Securities and Exchange Commission, U.S. Department of Labor, U.S. General Accounting Office, U.S. Housing and Urban Development, Texas State Auditor, Texas Comptroller of Public Accounts, Texas Securities Board, Texas Department of Insurance, and the Texas Secretary of State;
- (9) knowingly participating in the preparation of a false or misleading financial statement or tax return;

- (10) fiscal dishonesty or breach of fiduciary responsibility of any type;
- (11) failure to comply with a final order of any state or federal court;
- (12) repeated failure to respond to a client's inquiry within a reasonable time without good cause;
- (13) intentionally misrepresenting facts or making a misleading or deceitful statement to a client, the board, board staff or any person acting on behalf of the board;
- (14) giving intentional false sworn testimony or perjury in court or in connection with discovery in a court proceeding or in any communication to the board or any other federal or state regulatory or licensing body;
- (15) threats of bodily harm or retribution to a client;
- (16) public allegations of a lack of mental capacity of a client which cannot be supported in fact;
- (17) voluntarily disclosing information communicated to the person by an employer, past or present, or through the person's employment in connection with accounting services rendered to the employer, except:
 - (A) by permission of the employer;
 - (B) pursuant to the Government Code, Chapter 554 (commonly referred to as the "Whistle Blowers Act");
 - (C) pursuant to:
 - (i) a court order signed by a judge;
 - (ii) a summons under the provisions of:
 - (I) the Internal Revenue Code of 1986 and its subsequent amendments;
 - (II) the Securities Act of 1933 (15 U.S.C. §77a et seq.) and its subsequent amendments; or
 - (III) the Securities Exchange Act of 1934 (15 U.S.C. §78a et seq.) and its subsequent amendments;
 - (iii) a congressional or grand jury subpoena; or
 - (iv) applicable federal laws, federal government regulations, including requirements of the PCAOB;
 - (D) in an investigation or proceeding by the board;

(E) in an ethical investigation conducted by a professional organization of CPAs;

(F) in the course of a peer review under §901.159 of the Act (relating to Peer Review);
or

(G) any information that is required to be disclosed by the professional standards for reporting on the examination of a financial statement.

(18) breaching the terms of an agreed consent order entered by the board or violating any Board Order.

(19) Interpretive Comment: The board has found in §519.7 of this title (relating to Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a Person from Receiving a License) and §525.1 of this title (relating to Applications for the UCPAE, Issuance of the CPA Certificate, or Initial License) that any crime of moral turpitude directly relates to the practice of public accountancy. A crime of moral turpitude is defined in this chapter as a crime involving grave infringement of the moral sentiment of the community. The board has found in §519.7 of this title that any crime involving alcohol abuse or controlled substances directly relates to the practice of public accountancy.

(20) Interpretive comment: A conviction or final finding of unethical conduct by a competent authority, for the purpose of paragraph (8) of this subsection, includes any right to practice before the authority or findings that limit the scope of the permit or license conveyed by the authority. Conviction relates to the finding in a criminal proceeding and final finding relates to a determination in a non-criminal proceeding. Unethical conduct or activities are determined by the governmental entity making the determination of a conviction or final finding.

Adopted Amendment

§501.93. Responses.

(a) A person shall substantively respond in writing, within 30 days or less as specified by the board, to any communication from the board requesting a response. It is not a substantive response for a person to simply reply that they do not intend to respond or provide the records or documents requested. The time to respond shall commence on the date that the earliest communication was mailed or emailed to the last known mailing or email address of the person, according to the board's records.

(b) When requested, and at no expense to the board, the written response shall include:

(1) copies of the person's documentation, reports and/or work papers related to issues in a complaint investigation; and

(2) copies of documents and reports or access to documents and reports related to the issues in a complaint investigation of the person's professional accounting work or ethical issues conducted by state and federal regulatory bodies and professional organizations, that the board may determine is related to the board's investigation.

(c) Failure to timely respond substantively to written communications, or failure to furnish requested documentation and/or work papers, constitutes conduct indicating lack of fitness to serve the public as a professional accountant.

(d) Each applicant and each person required to be registered with the board under the Act shall notify the board, either in writing or through the board's website, of any and all changes in such person's mailing address, email address, or telephone number and the effective date thereof within 30 days before or after such effective date.

(e) Interpretive Comment. This section should be read in conjunction with §519.6 of this title (relating to Subpoenas).

(f) Interpretive Comment. In this section, the term board includes board staff.

Adopted Amendment

§507.4. Confidentiality.

(a) Members of the board, advisory committee members, the executive director, members of board staff, independent contractors and consultants retained by the board shall not disclose any confidential information which comes to their attention, except as may be required by law.

(b) Regardless of whether the board takes disciplinary action or not, all complaint investigations, including investigation files, investigation reports, and other investigative information in the possession of, received or gathered by the board is confidential, prior to public hearing or board action, and any employee, agent, or member of the board may not disclose the information contained in these files except to another governmental, regulatory or law enforcement agency engaged in an enforcement action and as provided for in §901.160 of the Act (relating to Availability and Confidentiality of Certain Board Files) or upon receiving written authorization from the license applicant or current or former license holder who is the subject of the investigation.

<p style="text-align: center;">Agenda Item X Review of Future Meetings/Hearing Schedules March 13, 2025</p>
--

- I. **DISCUSSION:** Schedule of dates for 2025 Board and committee meetings, hearings, and other activities are attached for your information.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

<p style="text-align: center;">Agenda Item XI Adjournment March 13, 2025</p>

I. **DISCUSSION:** The presiding officer will entertain a motion to adjourn.

RECOMMENDATION: None required.

SUGGESTED MOTION: None required.