

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

Topic: Board Meeting

Time: May 15, 2025 10:00 AM Central Time (US and Canada)

<https://www.zoomgov.com/j/1617277569?pwd=HCE0PY61SahJVy91uab1xaA9QkPQcb.1>

Meeting ID: 161 727 7569

Passcode: 278340

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Meeting ID: 161 727 7569

# Texas State Board of Public Accountancy Meeting Schedule

	May 14, 2025			May 15, 2025
COMMITTEE	Qualifications	Rules	Executive	Board
TIME	10:00 AM	1:30 PM	2:00 PM	10:00 AM
PLACE	HYBRID	HYBRID	HYBRID	HYBRID
LIAISON	HILLER	HILL	TREACY/DURAN	TREACY

ADAMS <sup>1</sup>				✓
COATES <sup>1</sup>		✓		✓
CRAWFORD <sup>1</sup>				✓
ESPINOZA-RILEY <sup>1</sup>			✓	✓
FOSHEE <sup>1</sup>	✓ (chair)	✓	✓	✓
GARCIA <sup>1</sup>		✓	✓	✓
GRANT <sup>1</sup>			✓	✓
HARTMANN <sup>2</sup>	✓			
HOLUP <sup>1</sup>				✓
MERKET <sup>1</sup>				✓
NEUHOFF <sup>1</sup>				✓
OMORUYI <sup>1</sup>				✓
PITMAN <sup>2</sup>				✓
SMITH <sup>1</sup>	✓	✓	✓ (chair)	✓ (chair)
TRIPPON <sup>1</sup>	✓			✓
VALLÉS-PANKRATZ <sup>1</sup>	✓			✓
WILLIS <sup>2</sup>	✓			
WARREN <sup>1</sup>		✓ (chair)		✓
ZOLTON <sup>2</sup>	✓			

<sup>1</sup> Board Member

<sup>2</sup> Advisory Member

**TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY**  
**BOARD MEETING AGENDA**  
**MAY 15, 2025**

I.	CALL TO ORDER AND ROLL CALL – 10:00 A.M., MAY 15, 2025.....	I-1
II.	APPROVAL OF THE MARCH 13, 2025 BOARD MEETING MINUTES.....	II-1
III.	PUBLIC COMMENT.....	III-1
IV.	CONSIDERATION OF REPORT AND RECOMMENDATIONS OF THE EXECUTIVE COMMITTEE MEETING.....	IV-1

- A. Review and possible action on the Board's financial statements
- B. Budget Plan for Fiscal Year 2026
- C. Report of Penalties Transferred to the General Revenue Over the Past 10 years
- D. *89<sup>th</sup> Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* – Update
- E. Reports of the Ad Hoc Computer Utilization Committee

**April 25, 2025 Committee Meeting**

- 1. Ad Hoc Computer Utilization Committee Overview.
- 2. Discussion, consideration and possible action on the selection of a research and advisory firm.
- 3. Discussion, consideration and possible action on the responses to the Request for Resumes received from ITSAC Solicitation # RFR45701FY25.
- 4. Schedule next meeting.

**May 5, 2025 Committee Meeting**

- 1. Continuation of the discussion, consideration and possible action on the responses received from ITSAC Solicitation #RFR45701FY25 respondents Miller Jones, Inc and Sistema Technologies, Inc.
  - 2. Discussion, consideration and possible action on additional IT resources.
  - 3. Discussion, consideration and possible action on Info-Tech Research Group, Inc. and Gartner, Inc.
- F. Review of NASBA/AICPA matters
- 1. NASBA dates of interest
    - a. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA
    - b. 118<sup>th</sup> Annual Meeting, October 26 - 29, 2025 - Chicago, IL

- 2. NASBA committee assignment Mr. Treacy
- G. Review of general correspondence
- H. Proposed process for the annual evaluation of the executive director

**IV. Part II. Authorization of Board for executive director to contract with Charlie Bertero.....IV. Part II-1**

**V. CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE RULES COMMITTEE MEETING.....V-1**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 505 – The Board of the Board’s Rules* pursuant to *Section 2001.039* of the *Texas Government Code*
- B. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 507 – Employees of the Board of the Board’s Rules* pursuant to *Section 2001.039* of the *Texas Government Code*
- C. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 509 – Rulemaking Procedures* of the Board’s *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*
- D. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 527 – Peer Review* of the Board’s *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*
- E. Schedule next meeting

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

- A. Report on the status of SB 262 – Senator Perry, relating to eligibility requirements to practice public accountancy
- B. Report on the CPA Exam Applicant Survey
- C. Discussion, consideration, and possible action concerning applicants with CPA Exam credits involving outreach to colleges and universities, study groups, professional organizations, and other resources
- D. Discussion, consideration, and possible action on the Applicant Reassessment Program involving outreach to colleges and universities, study groups, professional organizations, and other resources
- E. Discussion, consideration, and possible action on hosting a webinar for Texas CPA Exam applicants and accounting educators
- F. Discussion, consideration, and possible action on a Statement of Work for a Research Project: *Investigation of Exam Performance in Texas Accounting Programs: In Search of a Repeatable Model*
- G. Review of correspondence

<b>VII.</b>	<b>CONSIDERATION OF REPORT AND RECOMMENDATIONS FROM THE PEER REVIEW COMMITTEE MEETING.....</b>	<b>VII-1</b>
	A. Discussion, consideration, and possible action concerning the oversight necessary to assure compliance with the objectives of the Peer Review Program.	
	B. Discussion, consideration, and possible action concerning <i>Chapter 527</i> of the Board's <i>Rules</i> related to Peer Review.	
<b>VIII.</b>	<b>REPORT OF THE LICENSING PROGRAM.....</b>	<b>VIII-1</b>
	• Update on the June 21, 2025 Swearing-in Ceremony	
<b>IX.</b>	<b>DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION REGARDING THESE RECOMMENDATIONS FROM THE BEHAVIORAL ENFORCEMENT COMMITTEE MEETING.....</b>	<b>IX-1</b>
	<b><u>April 29, 2025</u></b>	
	A. Dismissals – Insufficient Evidence	
	• 24-11-06L & 24-11-07L	
	B. Other - Status Report	
<b>X.</b>	<b>DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION REGARDING THESE RECOMMENDATIONS FROM THE TECHNICAL STANDARDS REVIEW COMMITTEE MEETING.....</b>	<b>X-1</b>
	<b><u>March 26, 2025</u></b>	
	A. Dismissal – Insufficient Evidence	
	• Investigation No. 23-11-03L	
	B. Other – Status Report	
<b>XI.</b>	<b>DISCUSSION, CONSIDERATION, AND POSSIBLE ACTION ON PROPOSED AGREED CONSENT ORDERS AND ADMINISTRATIVE DISCIPLINARY ACTIONS.....</b>	<b>XI-1</b>
	<b><u>A. Behavioral Enforcement Committee</u></b>	
	• Investigation Nos. 24-08-04L & 24-08-05L	
	<b><u>Technical Standards Committee</u></b>	
	1. Investigation No. 24-11-10L	
	2. Investigation Nos. 24-12-03L & 24-12-04L	
	<b><u>B. Administrative Disciplinary Actions</u></b>	
	1. Investigation Nos. 24-12-10001 - 24-12-10074	
	2. Investigation Nos. 25-01-10001 - 25-01-10090	
	3. Investigation Nos. 24-12-10075 - 24-12-10241	
	4. Investigation Nos. 25-01-10091 - 25-01-10237	
	5. Investigation Nos. 24-12-10242 - 24-12-10260	
	6. Investigation Nos. 25-01-10238 - 25-01-10251	

<b>XII.</b>	<b>Proposed ADOPTION OF REVISIONS TO BOARD RULES.....</b>	<b>XII-1</b>
	1. <i>Section 519.2 (Definitions)</i>	
	2. <i>Section 519.7 (Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a Person from Receiving a License)</i>	
	3. <i>Section 519.9 (Administrative Penalty Guidelines)</i>	
	4. <i>Section 519.20 (Complaints)</i>	
	5. <i>Section 519.21 (Investigations)</i>	
	6. <i>Section 519.23 (Informal Conferences)</i>	
	7. <i>Section 519.24 (Committee Recommendations)</i>	
	8. <i>Section 519.25 (Mediation and Alternative Dispute Resolution)</i>	
<b>XIII.</b>	<b>REVIEW OF FUTURE MEETING SCHEDULE.....</b>	<b>XIII-1</b>
<b>XIV.</b>	<b>ADJOURNMENT.....</b>	<b>XIV-1</b>

<p style="text-align: center;"><b>Agenda Item I</b> <b>Call to Order and Roll Call</b> <b>May 15, 2025</b></p>
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- I. **DISCUSSION:** The meeting will be called to order, *en banc*, by video conference or in-person at 10:00 a.m., May 15, 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;"><b>Agenda Item II</b> <b>Approval of the March 13, 2025 Minutes</b> <b>May 15, 2025</b></p>
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- I. **DISCUSSION:** The enclosed minutes of the March 13, 2025 Board meeting were kept in accordance with established procedures and reflect the business conducted.

**RECOMMENDATION:** The staff recommends that the minutes of the March 13, 2025 Board meeting be approved as submitted/amended.

**SUGGESTED MOTION:** That the minutes of the March 13, 2025 Board meeting be approved as submitted/amended.



# Texas State Board of Public Accountancy

March 13, 2025

The Texas State Board of Public Accountancy met by video conference and in-person from 10:08 a.m. until 12:10 p.m. on March 13, 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 10:19 a.m. on March 5, 2025. (TRD #2025-001313) (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*  
Ray R. Garcia, CPA  
*Executive Committee*  
*Member-at-Large*  
Jill A. Holup  
Sherri B. Merket  
Thomas M. Neuhoﬀ, CPA  
Debra D. Seefeld, CPA  
*Presiding Officer*  
Jeannette P. Smith, CPA  
*Assistant Presiding Officer*  
James M. "Jim" Trippon, CPA  
Susan M. Warren, CPA

## Members Absent

Jamie Grant  
Sheila M. Vallés-Pankratz  
*Excused*

## Others Present

J. Coalter Baker, CPA  
Kenneth Besserman, Esq.  
Carol Mahler  
Sharon Polansky  
LaTresha Smith  
Larry Stephens

## Staff Present

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

- I. Ms. Seefeld, Presiding Officer, called the meeting to order at 10:08 a.m. Mr. Treacy called roll and declared a quorum.

Mr. Garcia moved to excuse the absence of Sheila M. Vallés-Pankratz from the Board meeting. Ms. Warren seconded the motion and it passed unanimously.

- II. Mr. Garcia moved to approve the January 16, 2025 Board meeting minutes as presented. Ms. Merket seconded the motion and it passed unanimously.

- III. After a call for public comments, there were no comments from the public.

- IV. Ms. Seefeld, Presiding Officer, reported on the March 12, 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  
(In-person)  
Ray R. Garcia, CPA  
Jamie D. Grant  
Debra D. Seefeld, CPA  
*Presiding Officer*  
(In-person)  
Jeannette P. Smith, CPA  
(In-person)  
Susan M. Warren, CPA  
(In-Person)  
*Rules Committee Chair*

## Member Absent

Jamie D. Grant  
*Excused*

## Others Present

Kenneth Besserman, Esq.  
Thomas M. Neuhoﬀ, CPA  
Dallas Richard

## Staff Present

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

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

1. Mr. Trippon moved to re-adopt *Chapter 519 (Practice and Procedure)* 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 *Rules 519.2, 519.7, 519.9, 519.20, 519.21, 519.23, 519.24, and 519.25* in the *Texas Register* for public comment. Ms. Crawford seconded the motion and it passed unanimously. (ATTACHMENT 2)

- B. Mr. Garcia reported on the Peer Review Oversight Board 2024 Annual Report that was approved by the Executive Committee and recommended for the Board's approval. Mr. Neuhoﬀ moved to accept the 2024 Annual Report as reported. Mr. Coates seconded the motion and it passed unanimously.
- C. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Smith moved to approve the Board's financial statements as presented. Ms. Crawford seconded the motion and it passed unanimously.
- D. Ms. Espinoza-Riley presented the first draft of the Board's Budget Plan for 2026. Questions were addressed during the meeting. No action was required.
- E. Ms. Seefeld and Mr. Treacy presented the Delivery of Government Efficiency report. After discussion, Mr. Neuhoﬀ moved to approve the submission of the report. Ms. Adams seconded the motion and it passed unanimously.
- F. Mr. Hill, General Counsel, reported on the following proposed legislation:
  - **SB 262**, which has passed in the Senate, would create the alternative pathway for certification with a baccalaureate degree and two years of experience. It would have an effective date of August 1, 2026.
  - **SB 522** provides for mobility with other state licensing programs that are substantially equivalent to this state and provides "safe harbor" language for those licensees determined to be substantially equivalent in another state prior to January 1, 2025.
  - **SB 716** would require this agency to issue a license to an out of state licensee if the licensee has been licensed in the other state for at least one year in good standing, does not have a disqualifying criminal history, passed an exam and meets other Board standards including an exam on this agency's Rules of Professional Conduct.
  - **HB 710** is virtually the same as SB 716.
  - **HB 11** would maximize occupational licensing reciprocity agreements between the states. It would require this agency to adopt rules to implement the process and report to the Governor and the Legislative Budget Board the analysis of the agency's examination and to recommend any legislative action needed to promote recognition of out of state licensees.
  - **HB 794** a person may sue a state agency if the agency's rule "burdens the entry into a profession or occupation and may award attorney fees and costs".
  - **HB 2690** assures that a rule is necessary to protect the public health, safety and welfare and is the least restrictive means. It is a defense to a rule violation if the rule burdens the person's right to earn a living.
  - **HB 3838** requires a rule to be carefully tailored to fulfil its purpose and a person may obtain an injunction against a rule that "burdens the entry into the profession."
  - **SB 1080** would require the state agency to issue a provisional license good for 6 months to a person who is qualified upon their release from prison.
  - **SB 14** eliminates the "Chevron Deference" and creates a new office in the Governor's Office to review agency rules and identify efficiencies in the process for the adoption of rules, the manner in which contested cases are conducted, identify unnecessary and ineffective rules, the cost to the state for the rules, eliminate unnecessary rules, reducing required training hours for the license, reducing forms, reducing or eliminating fees and reducing the number of activities covered by the rules.
- G. Marisa Rios and Ann Hallam, Board staff, updated the Board on the Legacy System Modernization Project, emphasizing the need for a project manager to oversee the procurement of a new licensing system, which is currently managed by one person. The procurement process is expected to take around

two years, with the new system anticipated to be implemented by FY 2029. The Board also discussed the potential for learning from other states' experiences with similar system modernization projects. No action was required.

- H. Ms. Warren moved to approve the request of Monayi T. Jacob, CPA, P.C. to continue operating under *Section 513.16 (Death or Incapacitation of Firm Owner)*. Ms. Merket seconded the motion and it passed unanimously.

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

1. NASBA dates of interest

- a. 30<sup>th</sup> Annual Conference for Board of Accountancy Legal Counsel, March 25 - 27, 2025, Clearwater Beach, FL.
- b. 43<sup>rd</sup> 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.

2. Ms. Seefeld presented the Joint AICPA/NASBA UAA Committee exposure draft on supporting an additional path to CPA licensure. Ms. Seefeld requested that the Agency staff draft a letter of approval supporting the additional path to CPA licensure for the Board to submit to AICPA/NASBA, as recommended by the Executive Committee. Ms. Crawford made a motion to submit the drafted letter to the AICPA/NASBA UAA, and Ms. Adams seconded the motion, which passed unanimously.

Ms. Seefeld then called on Mr. Baker who outlined his experience and qualifications to become the next NASBA Vice-Chair and sought the support and recommendation of the Board for the position. Ms. Seefeld requested a motion to issue a letter of recommendation for Mr. Baker's nomination to the position of NASBA Vice-Chair. Mr. Trippon moved to send a letter to NASBA supporting Mr. Baker's nomination and Ms. Smith seconded the motion and it passed unanimously.

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

- V. Ms. Foshee, Qualifications Committee Chair, reported on the March 12, 2025 (video conference and in-person) Qualifications Committee meeting.

**Members Present**

Renee D. Foshee, Esq, CPA  
*Committee Chair*  
Caroline Hartmann, CPA  
Marshall Pitman, Ph.D., CPA  
Jeannette P. Smith, CPA  
James M. "Jim" Trippon, CPA  
Veronda Willis, Ph.D., CPA  
Kathy Zolton, CPA

**Member Absent**

Sheila Vallés-Pankratz  
*Excused*

**Others Present**

Kenneth Besserman, Esq.  
Thomas Neuhoﬀ, CPA  
Sharon Polansky

**Staff Present**

Paul Arredondo  
Paulette Beiter, Esq.  
Marissa Brooks  
Telisa Harwell  
J. Randel Hill, Esq.  
Donna Hiller  
Brian O'Neal  
Marisa Rios  
Lori Shaw  
William Treacy

- A. Ms. Foshee reported that the status of SB 262 had been discussed under Agenda Item IV, (F), by Mr. Hill.
- B. Ms. Foshee reported on the Examination Fee Financial Aid Program. The program received eight applications for CPA Exam fee reimbursement with seven approved and processed for a total of \$1,838.48 in reimbursements. One application did not meet the criteria. The committee clarified that the EFFA program is only for accounting students meeting CPA certification education requirements. The committee also recommended updating the EFFA application and FAQs to include eligibility details and restrictions on third-party reimbursements.
- C. Ms. Foshee reported that the committee discussed the Applicant Reassessment Program (ARP),

which involves outreach to various educational and professional resources to assist applicants with one to three CPA Exam credits. They reviewed Board *Rule 511.80* but took no action. The committee proposed that email notices to applicants at risk of losing CPA Exam credits should include information on requesting credit extensions for extenuating circumstances, to be considered on a case-by-case basis by the Executive Director. Further discussion on assisting applicants was tabled for additional information.

- D. Ms. Foshee reported that the committee discussed outreach efforts to colleges, universities, study groups, professional organizations, and other resources to assist applicants with one to three CPA Exam credits. They decided to table the discussion until a future meeting.
  - E. Ms. Foshee reported that the committee tabled action on amendments to Board *Rule 511.80* until additional information covered in Agenda Items V, (C) and (D) could be obtained.
  - F. Ms. Foshee reported that the committee reviewed Board *Rule 511.164* and the Ethics Matrix used to develop Board-approved ethics courses. They also considered a recent Enforcement Report on common rule violations by Texas CPAs. The committee concluded that the current Ethics Matrix and recognized ethics courses meet the requirements. They recommended using the Enforcement Report to identify any changes needed for the CPE ethics course required for Texas licensees.
  - G. Ms. Foshee reported that the committee reviewed the NASBA Exposure Draft changes to the Uniform Accountancy Act, Eighth Edition – January 2018, and had no comments.
- VI. Ms. Smith, Behavioral Enforcement Committee chair, reported on the February 11, 2025 (video conference and in-person) Behavioral Enforcement Committee meeting.

**Members Present**

Susan I. Adams, CPA  
C. Bennett Allison, CPA  
Patrick L. Durio, CPA  
Jill A. Holup  
Phillip D. Johnson, CPA  
Robert Ogle, CPA  
Jeannette P. Smith, CPA  
*Committee Chair*  
James M. "Jim" Trippon, CPA

**Staff Present**

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

A. Dismissals – Insufficient Evidence

Mr. Garcia moved to dismiss the following investigations based on insufficient evidence. Mr. Neuhoff 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. 24-12-01L<sup>1</sup>, & 24-12-02L<sup>1</sup>
- 2. Investigation Nos. 24-11-01L<sup>1</sup>, & 24-11-02L<sup>1</sup>
- 3. Investigation Nos. 24-11-03L<sup>1</sup>, & 24-11-04L<sup>1</sup>

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

- VII. Mr. Garcia, Technical Standards Review Committee Chair, reported on the January 29, 2025 (video conference) Technical Standards Review Committee meeting. The report required no Board action.

**Members Present**

Kimberly "Kim" Crawford, CPA  
Ray R. Garcia, CPA  
*Committee Chair*  
Douglas Koval, CPA  
Sheila Vallés-Pankratz  
Susan Warren, CPA  
Juliet Williams, CPA

**Member Absent**

Dilliana Stewart, CPA

**Staff Present**

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

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

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

A. **Agreed Consent Orders:**

Ms. Warren moved to approve the following ACOs as presented. Ms. Crawford seconded the motion and it passed unanimously.

**Behavioral Enforcement Committee**

<b>1. Investigation No.:</b>	<b>24-11-05L<sup>1</sup></b>	<b>Hometown:</b>	<b>Bedford, TX</b>
<b>Respondent:</b>	<b>Frank Walter Bonn</b>	<b>Certificate No.:</b>	<b>068163</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked, however, the revocation would be stayed and Respondent put on probation for 10 years. In addition, Respondent would pay \$754.46 in administrative costs to be paid within 30 days of the date of the Board Order and would participate in ACAN.

Respondent received 10 years deferred adjudication for the third-degree felony offense of evading arrest with a vehicle.

<b>2. Investigation No.:</b>	<b>24-05-06L<sup>1</sup></b>	<b>Hometown:</b>	<b>Plano, TX</b>
<b>Respondent:</b>	<b>Mark Alan Brittain</b>	<b>Certificate No.:</b>	<b>109425</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked, however, the revocation would be stayed and Respondent put on probation for 10 years and Respondent would participate in ACAN.

Respondent received 10 years of deferred adjudication for two third-degree felony offenses, assault of a family member impeding breath or circulation and violation of a protective order more than two times within 12 months. Respondent received two years of deferred adjudication for two counts of the misdemeanor offense of trespass of a habitation.

<b>3. Investigation No.:</b>	<b>24-09-03L<sup>1</sup></b>	<b>Hometown:</b>	<b>Selma, TX</b>
<b>Respondent:</b>	<b>Christopher Allen Johnson</b>	<b>Certificate No.:</b>	<b>101944</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked, however, the revocation was stayed and Respondent was placed probation for three years. In addition, Respondent was ordered to pay \$754.46 in administrative costs within 30 days of the date of the Board Order and required to participate in ACAN.

Respondent received three years of deferred adjudication for the second-degree felony offense of possession of a controlled substance.

<b>4. Investigation Nos.:</b>	<b>24-10-01L<sup>1</sup> &amp; 24-10-02L<sup>1</sup></b>	<b>Hometown:</b>	<b>Houston, TX</b>
<b>Respondents:</b>	<b>Daniel Robert Potter &amp; Potter &amp; Golden, P.C.</b>	<b>Certificate No.:</b>	<b>091908</b>
		<b>Firm License No.:</b>	<b>C06272</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

Respondents entered into an ACO with the Board whereby Respondents were reprimanded. In addition, Respondents are required to reimburse Complainant \$12,607.87 for penalties assessed by the IRS within 60 days of the date of the Board Order and pay \$500 in administrative penalties and \$802.83 in administrative costs. Respondent shall complete eight hours of continuing professional education (CPE) in the area of practice management as part of the annual CPE requirement.

Respondents failed to file a client's 2021 and 2022 income tax returns in a timely manner and failed to correspond with a client regarding the status of her income tax returns despite having received tax documents.

Mr. Garcia moved to approve the following ACO as presented. Ms. Crawford seconded the motion and it passed unanimously. No Committee considered this matter.

<b>5. Investigation No.:</b>	<b>25-01-05L<sup>1</sup></b>	<b>Hometown:</b>	<b>Benicia, CA</b>
<b>Respondent:</b>	<b>Barjinderjit Singh</b>	<b>Certificate No.:</b>	<b>111959</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

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Respondent entered into an ACO with the Board whereby Respondent's certificate and license were revoked.

Respondent was convicted of the felony offense of Injuring a Spouse, Cohabitant, Fiancé, Girlfriend or Child's Parent and sentenced to two years' incarceration.

Ms. Crawford moved to approve the Committee's recommendation to reinstate applicant's certification in accordance with the ACO. Ms. Merket seconded the motion and it passed unanimously.

<b>6. Investigation Nos.:</b>	<b>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>	<b>Hometown:</b>	<b>Liberal, KS</b>
<b>Respondent:</b>	<b>Carol Lea Mahler</b>	<b>Certificate No.:</b>	<b>064255</b>
<b>Rule Violations:</b>	<b>501.90(4), 501.90(5)</b>		
<b>Act Violations:</b>	<b>901.502(6), 901.502(10), 901.502(11)</b>		

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Respondent entered into an ACO with the Board whereby Respondent's certificate was reinstated, however, for a period of one year from the date of reinstatement, Respondent was placed on probation revocation. In addition, Respondent must complete all required CPE as well as eight hours of CPE in the area of practice management as part of her annual requirement and provide samples of documents to be used in her practice.

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.

#### **B. Administrative Disciplinary Actions:**

Mr. Neuhoft moved to approve the following Administrative Disciplinary Actions as presented. Mr. Garcia 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**

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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 3)**

No Board committee considered these actions.

##### Investigation Numbers

1. 24-10-10001 - 24-10-10100
2. 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)*, and *Act Section 901.411. (ATTACHMENT 4)*

No Board committee considered these actions.

Investigation Numbers

3. 24-10-10101 - 24-10-10263

4. 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)*. **(ATTACHMENT 5)**

No Board committee considered these actions.

Investigation Numbers

5. 24-10-10264 - 24-10-10282

6. 24-11-10239 - 24-11-10254

IX. Ms. Smith moved to adopt the following Board *Rules* as presented. Mr. Trippon seconded the motion and passed unanimously.

1. *Section 501.52 (Definitions) (ATTACHMENT 6)*
2. *Section 501.53 (Applicability of Rules of Professional Conduct) (ATTACHMENT 7)*
3. *Section 501.55 (Definition of Acronyms) (ATTACHMENT 8)*
4. *Section 501.60 (Auditing Standards) (ATTACHMENT 9)*
5. *Section 501.63 (Reporting Standards) (ATTACHMENT 10)*
6. *Section 501.79 (Transfer or Return of Files Resulting from the Sale, Transfer, Discontinuation or Acquisition of Practice) (New Rule) (ATTACHMENT 11)*
7. *Section 501.81 (Firm Licensing) (ATTACHMENT 12)*
8. *Section 501.90 (Discreditable Acts) (ATTACHMENT 13)*
9. *Section 501.93 (Responses) (ATTACHMENT 14)*
10. *Section 507.4 (Confidentiality) (ATTACHMENT 15)*

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

XI. Ms. Seefeld moved to adjourn. Mr. Garcia seconded the motion, and the meeting adjourned at 12:10 p.m.

**ATTEST:**

\_\_\_\_\_  
Jeannette P. Smith, CPA, Presiding Officer

\_\_\_\_\_  
Renee Foshee, Esq., CPA, Secretary

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

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

<p style="text-align: center;"><b>Agenda Item III</b> <b>Public Comment</b> <b>May 15, 2025</b></p>
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- 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;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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- A. Review and possible action on the Board's financial statements.
- B. Budget Plan for Fiscal Year 2026.
- C. Report of Penalties Transferred to the General Revenue Over the Past 10 Years.
- D. *89<sup>th</sup> Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* – Update.
- E. Reports of the Ad Hoc Computer Utilization Committee.

**April 25, 2025 Committee Meeting**

- 1. Ad Hoc Computer Utilization Committee Overview.
- 2. Discussion, consideration and possible action on the selection of a research and advisory firm.
- 3. Discussion, consideration and possible action on the responses to the Request for Resumes received from ITSAC Solicitation # RFR45701FY25.
- 4. Schedule next meeting.

**May 5, 2025 Committee Meeting**

- 1. Continuation of the discussion, consideration and possible action on the responses received from ITSAC Solicitation #RFR45701FY25 respondents Miller Jones, Inc and Sistema Technologies, Inc.
  - 2. Discussion, consideration and possible action on additional IT resources.
  - 3. Discussion, consideration and possible action on Info-Tech Research Group, Inc. and Gartner, Inc.
- F. Review of NASBA/AICPA matters:
    - 1. NASBA dates of interest
      - a. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
      - b. 118<sup>th</sup> Annual Meeting, October 26 - 29, 2025 - Chicago, IL.
    - 2. NASBA committee assignment Mr. Treacy
  - G. Review of general correspondence.

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

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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A. Review and possible action on the Board's financial statements.

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

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

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

# TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

## Financial Overview

For the 7 Months Ended March 31, 2025

Annual Budget						
	Actual	Annual Budget	Variance	Percent Remaining	Target	Variance
Revenues - YTD	\$ 5,537,922	\$ 9,167,457	\$ 3,629,535	39.59%	41.67%	2.08%
Expenditures - YTD	\$ (3,720,375) <sup>A</sup>	\$ (8,054,483) <sup>D</sup>	\$ 4,334,108	53.81%	41.67%	12.14%
Net - YTD	1,817,546	1,112,974	\$ 704,573	-63.31%	41.67%	104.97%
Transfers In (Out)	(404,067)	\$ (703,344)	\$ (299,277)	42.55%	41.67%	-0.88%
Transfer to EFFA Fund	(360,000)	\$ (360,000) <sup>D</sup>	\$ -	0.00%	41.67%	41.67%
Total Transfers In (Out) <sup>B</sup>	(764,067)	(1,063,344)				
Net Increase/(Reduction) in Fund Balance	\$ 1,053,479	\$ 49,630	\$ 1,003,850	-2022.7%	41.67%	-2064.35%
<b>Revenues:</b> See <i>Revenue Budget Summary</i> for additional information ● Revenue collected over budget by 2.08% → Late Payment Penalties and other collections are over budget, CPA licenses are under budget - see Revenue Budget Report  <b>Expenditures:</b> See <i>Expenditure Budget Summary</i> for additional information ● Expenditures under budget by 12.14% → 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 <sup>C</sup>		
Revenues	5,537,922	4,911,895	626,027	12.7%
Expenditures	(3,754,114) <sup>A</sup>	(3,574,182)	179,932	5.0%
Other Financing Sources (Uses) <sup>B</sup>	(764,124)	(410,992)	353,131	85.9%
Ending Fund Balance 3/31/2025	\$ 9,709,349	\$ 7,889,118		
net increase/(reduction) in FB	\$ 1,019,684	\$ 926,720		
Budgeted Ending Fund Balance	\$ 8,741,846	\$ 5,915,635		
A EXH II expenditures include FY 24 expenditures of \$33,738.78. 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 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 B 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  
Performance Measures  
For the 7 Months Ended March 31, 2025

Performance Measures:

	Sept. 24-Nov. 24	Dec. 24-Feb.25	Mar. 25-May 25	June 25-Aug.25				
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	YTD	Target	%	FY 24
<b>Exam Related Measures:</b>								
Individuals examined	2,441	2,715			4,431	5,667	78%	6,084
Sections taken	2,863	3,081			5,944	13,240	45%	13,476
Average sections taken per individual	1.17	1.13			1.34	2.34	57%	2.21
<b>Licensing Related Measures:</b>								
Number of individuals licensed	78,106	78,277			not cumulative	78,901	99%	78,297
Number of business facilities licensed (firms) <sup>a</sup>	8,233	8,225			not cumulative	8,156	101%	8,354
<b>Peer Review Related Measures:</b>								
Number of accounting firms subject to peer review	1,725	1,709			not cumulative	1,700	101%	1,746
Number of Peer Reviews Conducted	117	113			230	566	41%	565
Percentage of accounting firms reviewed	6.8%	7.9%			7.3%	33%	22%	32.4%
Percentage of accounting firms receiving favorable review	82.1%	83.7%			82.9%	83.0%	100%	83.0%
Number of peer reviews examined by the Peer Review Oversight Board	117	113			230	566	41%	565
<b>Sponsor Review Program Related Measures:</b>								
Number of CPE Sponsors Reviewed	59	19			78	138	57%	151
Number of CPE Sponsors Subject to Review	381	374			not cumulative	405	92%	398
<b>Enforcement Related Measures:</b>								
<b>Administrative:</b>								
Open violations, beginning	1,397	1,158			1,397			1,384
Violations opened	819	763			1,582			3,137
Violations closed	(1,057)	(579)			(1,636)			(3,114)
Previous quarter adjustment	(1)	(1)			(2)			(10)
Open violations, ending	1,158	1,341			1,341			1,397
Average time for complaint resolution (days)	143.1	143.1			143.1	131.6	109%	142.2
<b>Disciplinary:</b>								
Open violations, beginning	504	534			504			406
Violations opened	150	125			276			600
Violations closed	(124)	(140)			(264)			(494)
Previous quarter adjustment	4	1			4			(8)
Open violations, ending	534	520			520			504
Average time for complaint resolution (days)	205.5	223.8			215.4	190.9	108%	119.4

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

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

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

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

Account Title	Current Month's Revenue	YTD Revenue	Total Budget	Variance	% Budget Remaining	Versus Target
						41.67% F (U)
<b>CPA License</b>	<b>\$ 541,785.13</b>	<b>\$ 3,995,612.19</b>	<b>\$ 6,927,715.03</b>	<b>2,932,102.84</b>	<b>42.3%</b>	-0.7%
<b>CPE Sponsor Review</b>	<b>15,700.00</b>	<b>143,300.00</b>	<b>231,140.87</b>	<b>87,840.87</b>	<b>38.0%</b>	3.7%
<b>Firm Office License</b>	<b>68,960.80</b>	<b>554,634.96</b>	<b>861,741.56</b>	<b>307,106.60</b>	<b>35.6%</b>	6.0%
<b>Late Payment Fees</b>	<b>49,234.00</b>	<b>326,959.00</b>	<b>421,920.93</b>	<b>94,961.93</b>	<b>22.5%</b>	19.2%
Application of Intent - Evaluation Fee	7,860.00	46,320.00	62,385.36	16,065.36	25.8%	15.9%
Transfer of Credit IN	200.00	2,500.00	3,247.16	747.16	23.0%	18.7%
Exam Eligibility Fee - AUD	5,415.00	32,520.00	59,928.64	27,408.64	45.7%	-4.1%
Exam Eligibility Fee - FAR	6,570.00	45,525.00	72,150.00	26,625.00	36.9%	4.8%
Exam Eligibility Fee - REG	4,470.00	29,520.00	52,498.43	22,978.43	43.8%	-2.1%
Exam Eligibility Fee - BEC	0.00	0.00	0.00	0.00	N/A	N/A
Exam Eligibility Fee - BAR	705.00	4,440.00	16,963.83	12,523.83	73.8%	-32.2%
Exam Eligibility Fee - ISC	2,085.00	8,610.00	14,691.89	6,081.89	41.4%	0.3%
Exam Eligibility Fee - TCP	1,950.00	9,615.00	17,418.22	7,803.22	44.8%	-3.1%
<b>Exam Fees</b>	<b>29,255.00</b>	<b>179,050.00</b>	<b>299,283.53</b>	<b>120,233.53</b>	<b>40.2%</b>	1.5%
Certificate Fee	6,750.00	45,150.00	72,427.07	27,277.07	37.7%	4.0%
Reciprocal Registration	5,300.00	35,500.00	64,586.85	29,086.85	45.0%	-3.4%
Temporary Practice	0.00	0.00	0.00	0.00	N/A	N/A
Direct Administrative Costs - Enforcement	1,132.89	14,057.88	31,842.29	17,784.41	55.9%	-14.2%
Voided Warrants	0.00	0.00	0.00	0.00	N/A	N/A
Transfer of Credit - OUT	760.00	5,240.00	8,449.80	3,209.80	38.0%	3.7%
Interest Income	31,911.24	210,145.83	200,000.00	(10,145.83)	-5.1%	46.7%
Interest on Judgments	0.00	0.00	0.00	0.00	N/A	N/A
Sales of Lists/Miscellaneous Copies/NSF Fees/Other	0.00	201.11	858.00	656.89	76.6%	-34.9%
Lettering of Replacement CPA Certificate	100.00	1,150.00	1,750.00	600.00	34.3%	7.4%
AICPA Regrades	0.00	0.00	0.00	0.00	N/A	N/A
Reimbursements - 3rd Party (Reimbursements from TBAE IAC)	3,802.22	26,920.54	45,740.92	18,820.38	N/A	N/A
<b>Other Collections</b>	<b>49,756.35</b>	<b>338,365.36</b>	<b>425,654.93</b>	<b>87,289.57</b>	<b>20.5%</b>	21.2%
<b>Total Revenue</b>	<b>\$ 754,691.28</b>	<b>\$ 5,537,921.51</b>	<b>\$ 9,167,456.85</b>	<b>\$ 3,629,535.34</b>	<b>39.6%</b>	2.08%

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

Account Title		Current Month's Expenditures	YTD Expenditures	YTD Encumbrances	Total Budget	Budget Remaining	% Budget Remaining	% Variance vs. Target	\$ Variance vs. Target
								41.67% F (U)	
F0410	Debt Service - Interest	2,192.07	17,237.38	0.00	28,754.58	11,517.20	40.05%	-1.61%	(463.88)
L1001	Sal & Wages - Comp. Per Diem	400.00	1,600.00	0.00	12,780.18	11,180.18	87.48%	45.81%	5,855.11
S&W	Salaries & Wages	300,720.06	2,069,606.45	0.00	4,014,563.90	1,944,957.45	48.45%	6.78%	272,222.49
M9000	Payroll Related Costs (IC)	94,670.40	658,082.15	0.00	1,151,577.33	493,495.18	42.85%	1.19%	13,671.29
N2004	Prof Fees - Court Reporters	0.00	0.00	0.00	1,816.13	1,816.13	100.00%	58.33%	1,059.41
N2005	Prof Fees-Legal Svcs-OAG & OLC	1,316.27	9,213.93	0.00	271,687.50	262,473.57	96.61%	54.94%	149,270.45
N2007	Prof Fees - FiN/Acctg. Svcs.	0.00	0.00	0.00	35,754.51	35,754.51	100.00%	58.33%	20,856.80
N2008	Prof Fees - Expert Witnesses	0.00	0.00	0.00	272,459.52	272,459.52	100.00%	58.33%	158,934.72
N2009	Prof Fees - PROB	2,700.00	28,020.79	0.00	56,190.15	28,169.36	50.13%	8.47%	4,756.80
N2010	Prof Fees - SOAH	0.00	15,626.52	0.00	15,626.52	-	0.00% A1	-41.67%	(6,511.05)
N2011	Prof Fees - Computer	885.69	12,180.96	0.00	392,752.08	380,571.12	96.90%	55.23%	216,924.42
N2019	Prof Fees - Other	0.00	5,112.00	0.00	4,812.39	(299.61)	-6.23%	-47.89%	(2,304.77)
N2022	PF - SRP - Review	250.00	13,625.00	0.00	25,000.00	11,375.00	45.50%	3.83%	958.33
P2001	Travel-In State-Board Mbrs.	1,520.13	5,138.68	0.00	19,197.13	14,058.45	73.23%	31.57%	6,059.65
P2002	Travel-In State-Employees	132.30	877.89	0.00	4,649.34	3,771.45	81.12%	39.45%	1,834.23
P2003	Travel-In State-Adv Comm Mbrs	0.00	0.00	0.00	1,618.15	1,618.15	100.00%	58.33%	943.92
P2021	Travel-Out-of-State-Bd. Mbrs.	323.92	1,322.95	0.00	6,812.75	5,489.80	80.58%	38.91%	2,651.15
P2022	Travel-Out-of-State-Employees	2,591.40	7,972.93	0.00	11,101.90	3,128.97	28.18%	-13.48%	(1,496.82)
Q2001	Material & Supplies	2,182.26	90,018.37	0.00	389,140.11	299,121.74	76.87%	35.20%	136,980.03
Q2005	Matls/Supp - Office Meter Post	10,000.00	33,407.22	0.00	65,295.31	31,888.09	48.84%	7.17%	4,681.71
Q2006	Matls/Supp - Bulk Rate Postage	0.00	0.00	0.00	1,035.00	1,035.00	100.00%	58.33%	603.75
Q2009	Matls/Suppl - Other Postage	0.00	0.00	0.00	315.16	315.16	100.00%	58.33%	183.84
R2001	Communication & Utilities	7,069.04	49,605.00	0.00	72,541.64	22,936.64	31.62% B	-10.05%	(7,289.04)
S2001	Repairs & Maint-Annual Confs.	0.00	82,470.24	0.00	99,479.77	17,009.53	17.10% C1	-24.57%	(24,440.37)
S2005	Repairs & Maintenance - Other	(10.45)	5,507.15	0.00	10,139.53	4,632.38	45.69%	4.02%	407.58
T2001	Rentals & Leases-Furn/Eqpt	2,093.63	14,655.41	0.00	32,337.25	17,681.84	54.68%	13.01%	4,207.99
T2004	Rentals & Leases-Furn/Eqpt SIC	0.00	7,292.50	0.00	10,737.35	3,444.85	32.08%	-9.58%	(1,029.05)
T2013	Rental & Leases-Other Space	1,068.40	7,435.86	0.00	13,424.57	5,988.71	44.61%	2.94%	395.14
T2015	Rental & Leases - SIC	0.00	10,016.00	0.00	14,547.72	4,531.72	31.15%	-10.52%	(1,529.83)
T2019	Debt Service Principal - RTU Lease	28,797.05	199,689.00	0.00	344,045.98	144,356.98	41.96%	0.29%	1,004.49
U2001	Printing & Reproduction	0.00	3,077.99	0.00	16,915.32	13,837.33	81.80%	40.14%	6,789.28
U2002	Printing of Board Report	2,539.36	5,078.72	0.00	8,777.82	3,699.10	42.14%	0.47%	41.67
W2001	OOE - Membership Fees	0.00	6,500.00	0.00	11,054.83	4,554.83	41.20%	-0.46%	(51.35)
W2003	OOE - Registration Fees	2,384.00	7,654.00	0.00	15,749.91	8,095.91	51.40%	9.74%	1,533.45
W2005	OOE - Temporary Support Svcs	0.00	0.00	0.00	100,000.00	100,000.00	100.00%	58.33%	58,333.33
W2007	OOE - Freight/Delivery Svc.	68.02	492.60	0.00	2,748.27	2,255.67	82.08%	40.41%	1,110.56
W2009	OOE - Convention Center Labor	0.00	4,228.00	0.00	4,347.00	119.00	2.74%	-38.93%	(1,692.25)
W2013	OOE - Employee Awards	0.00	65.00	0.00	1,285.04	1,220.04	94.94%	53.28%	684.61
W2014	OOE - Witness Fees & Invest Cost	0.00	0.00	0.00	2,356.42	2,356.42	100.00%	58.33%	1,374.58
W2020	OOE - Other Fees & Charges	2,203.16	43,827.81	0.00	63,100.70	19,272.89	30.54% C2	-11.12%	(7,019.07)
W2021	OOE - TX Online Processing Fees	18,517.97	129,625.77	0.00	199,916.34	70,290.57	35.16% D	-6.51%	(13,007.91)
W2027	OOE - Statewide Cost Alloc. (IC)	2,087.85	14,614.95	0.00	25,054.25	10,439.30	41.67%	0.00%	0.03
W2028	OOE - SORM Assessments	0.00	4,818.12	0.00	9,288.46	4,470.34	48.13%	6.46%	600.15
W2029	PUB - Public Assistance Pymts	0.00	155,500.00	0.00	155,500.00	0.00	0.00% A2	-41.67%	(64,791.67)
X5005	Capital Outlay-Computer	0.00	0.00	0.00	58,195.46	58,195.46	100.00%	58.33%	33,947.35
Report Total		\$ 486,702.53	\$ 3,720,375.14	\$ -	\$ 8,054,483.27	4,334,108.13	53.81%	12.14%	

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Budget Variance Explanations  
From September 1, 2024 - March 31, 2025

Ref.	Budget Item	Budget	Actual	Difference	Explanation	
	Operating Budget	\$ 8,054,483	\$ 3,720,375	\$ 4,334,108.13	53.81%	budget remaining versus 41.67% 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	\$ 49,605.00	\$ 22,936.64	31.62%	Variance due to an increase in TEX-AN telecommunication services costs.
C1	Repairs & Maint-Annual Conts.	\$ 99,480	\$ 82,470.24	\$ 17,009.53	17.10%	Variance due to annual maintenance contracts and insurance premiums paid early in the year.
C2	OOE - Other Fees & Charges	\$ 63,101	\$ 43,827.81	\$ 19,272.89	30.54%	
D	OOE - TX Online Processing Fees	\$ 199,916	\$ 129,625.77	\$ 70,290.57	35.16%	Variance due to higher license fees.



## Texas State Board of Public Accountancy

## Exhibit A-1 - Balance Sheet - All General and Consolidated Funds

March 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)
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents:						
Cash on Hand	\$ 700.00	\$ 290.00	\$ -	\$ 14,435.86	\$	15,425.86
Cash in Bank - Treasury Safekeeping Trust	\$ 708.66	1,670.00	-	6,445.70		8,824.36
Cash in State Treasury	\$ -	69,331.40	8,161.52	1,001,322.19		1,078,815.11
Repurchase Agreement - Treasury Safekeeping Trust	\$ 178,670.46	678,712.98	357,115.68	9,012,435.09		10,226,934.21
Accounts Receivable		-	-	1,243.51		1,243.51
Due From Other Funds	\$ -	-	-	67,244.06		67,244.06
Due From Other Agencies	\$ -	-	-	-		-
Prepaid Item	\$ -	-	-	31,552.12		31,552.12
Consumable Inventories		-	-	-		-
Total Current Assets	180,079.12	750,004.38	365,277.20	10,134,678.53		11,430,039.23
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	\$ 180,079.12	\$ 750,004.38	\$ 365,277.20	\$ 10,186,941.06		\$ 11,482,301.76
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current Liabilities:						
Payables From:						
Accounts Payable	\$ -	\$ -	\$ -	\$ 44,394.54	\$	44,394.54
Payroll Payable		-	-	374,616.16		374,616.16
Refunds Payable		-	-	(30.64)		(30.64)
Due To Other Funds	\$ 67,244.06	-	-	58,612.00		125,856.06
Funds Held for Others	\$ 112,835.06	-	-	-		112,835.06
Total Current Liabilities	180,079.12	-	-	477,592.06		657,671.18
Non-Current Liabilities:						
Interfund Payables						-
Total Non-Current Liabilities	-	-	-	-		-
Total Liabilities	180,079.12	-	-	477,592.06		657,671.18
<b>FUND FINANCIAL STATEMENT-FUND BALANCES</b>						
Fund Balances (Deficits):						
Nonspendable				607,594.14		607,594.14
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		750,004.38	365,277.20	2,194,790.11		3,310,071.69
Total Fund Balances	-	750,004.38	365,277.20	9,709,349.00		10,824,630.58
Total Liabilities and Fund Balances	\$ 180,079.12	\$ 750,004.38	\$ 365,277.20	\$ 10,186,941.06		\$ 11,482,301.76

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

# UNAUDITED

**Texas State Board of Public Accountancy**  
**Exhibit A-2 - Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances – All General and Consolidated Funds**  
For the 7 Months Ended March 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	\$ 383,842.50	\$ -	5,101,306.15	\$ 5,485,148.65	383,397.62	-	4,460,009.31	4,843,406.93	641,741.72
Exam Fees	-	-	179,050.00	179,050.00			201,165.00	201,165.00	(22,115.00)
Other License, Fees & Permits	-	-	5,290.00	5,290.00			5,080.00	5,080.00	210.00
Sales of Goods and Services	-	-	-	-			-	-	-
Interest and Investment Income	19,042.66	7,115.68	210,145.83	236,304.17	31,528.63	-	202,202.95	233,731.58	2,572.59
Other	10,426.69	-	42,129.53	52,556.22	22,392.20	-	43,437.67	65,829.87	(13,273.65)
Total Revenues	413,311.85	7,115.68	5,537,921.51	5,958,349.04	437,318.45	-	4,911,894.93	5,349,213.38	609,135.66
EXPENDITURES									
Salaries and Wages	-	-	2,071,206.45	2,071,206.45			1,949,816.66	1,949,816.66	121,389.79
Payroll Related Costs	-	-	657,259.95	657,259.95			626,225.31	626,225.31	31,034.64
Professional Fees and Services	-	-	113,101.23	113,101.23			135,202.47	135,202.47	(22,101.24)
Travel	-	-	14,749.97	14,749.97			15,334.42	15,334.42	(584.45)
Materials and Supplies	-	-	124,099.19	124,099.19			101,901.29	101,901.29	22,197.90
Communication and Utilities	-	-	49,870.28	49,870.28			41,592.23	41,592.23	8,278.05
Repairs and Maintenance	-	-	87,977.39	87,977.39			81,223.81	81,223.81	6,753.58
Rentals & Leases	-	-	39,837.94	39,837.94			34,336.06	34,336.06	5,501.88
Printing and Reproduction	-	-	8,156.71	8,156.71			10,285.20	10,285.20	(2,128.49)
Claims and Judgments	-	-	-	-			-	-	-
Other Expenditures	-	-	215,430.97	215,430.97			233,416.13	233,416.13	(17,985.16)
State Pass Through Expenditures	483,267.80	-	-	483,267.80	419,736.97	-	-	419,736.97	63,530.83
Intergovernmental Payments	175,685.00	-	-	175,685.00	243,444.00	-	-	243,444.00	(67,759.00)
Public Assistance Payments	-	1,838.48	155,500.00	157,338.48			134,253.00	134,253.00	23,085.48
Debt Service:									
Principal			199,689.00	199,689.00			190,817.87	190,817.87	8,871.13
Interest			17,234.84	17,234.84			19,777.97	19,777.97	(2,543.13)
Capital Outlay	-	-	-	-			-	-	-
Total Expenditures/Expenses	658,952.80	1,838.48	3,754,113.92	4,414,905.20	663,180.97	-	3,574,182.42	4,237,363.39	177,541.81
Excess (Deficiency) of Revenues									
Over Expenditures	(245,640.95)	5,277.20	1,783,807.59	1,543,443.84	(225,862.52)	-	1,337,712.51	1,111,849.99	431,593.85
OTHER FINANCING SOURCES (USES)									
Sale of Capital Assets			-	-					-
Net Change in Reserve for Inventories			-	-			-	-	-
Transfers In (Note 1.F.)	729,699.20	370,000.00	4,629,619.43	5,729,318.63	684,762.80	-	4,804,811.60	5,489,574.40	239,744.23
Transfers Out (Note 1.F.)	(729,699.20)	(10,000.00)	(5,393,743.19)	(6,133,442.39)	(684,772.80)		(5,215,803.90)	(5,900,576.70)	(232,865.69)
Gain (Loss) on Sale of Capital Assets	-	-	-	-			0.00	-	-
Total Other Financing Sources and Uses	-	360,000.00	(764,123.76)	(404,123.76)	(10.00)	-	(410,992.30)	(411,002.30)	6,878.54
SPECIAL ITEMS									
									-
EXTRAORDINARY ITEMS									
				-					-
Net Change in Fund Balances	(245,640.95)	365,277.20	1,019,683.83	1,139,320.08	(225,872.52)	-	926,720.21	700,847.69	438,472.39
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-- March 31, 2025	\$ 750,004.38	\$ 365,277.20	\$ 9,709,349.00	\$ 10,824,630.58	\$ 985,341.72	\$ -	\$ 7,889,117.50	\$ 8,874,459.22	\$ 1,950,171.36

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

For the 7 Months Ended March 31, 2025

	FY 2025
<b>BEGINNING FUND BALANCE - September 1, 2024</b>	<b>\$ 995,645.33</b>
<b>Total Scholarship Fund Revenue</b>	<b>\$ 413,311.85</b>
<b>State Pass Through Expenditures (EXH A-2)</b>	
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	\$ 22,000.00
University of Houston - Downtown	\$ 22,000.00
University of North Texas	\$ 55,000.00
University of Texas at Austin	\$ 79,000.00
University of Texas at Dallas	\$ 53,000.00
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	<b>\$ 483,267.80</b>
State University Refunds:	
Total State University Refunds	-
<b>State Pass Through Expenditures (EXH A-2)</b>	<b>\$ 483,267.80</b>
<b>Intergovernmental Payments (EXH A-2)</b>	
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:	<b>\$ 177,100.00</b>
Junior College/ Private Univ. Refunds:	
Dallas College	\$ (1,415.00)
Total Junior College/ Private University Refunds:	<b>\$ (1,415.00)</b>
<b>Intergovernmental Payments (EXH. A-2)</b>	<b>175,685.00</b>
<b>Other Financing Sources/Uses</b>	
Transfers In	729,699.20
Transfers Out	(729,699.20)
<b>Total Other Financing Sources/Uses (EXH. A-2)</b>	<b>\$ -</b>
<b>ENDING FUND BALANCE - March 31, 2025</b>	<b>\$ 750,004.38</b>

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED / CONTRIBUTIONS\*

For the 7 Months Ended March 31, 2025

			ADMIN PENALTY	RTN CK FEES OVERPMT/INT	
		DAC 19160	37700	19950/31100	TOTAL
STATUS					
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
Misquez, 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
MaloneBailey, LLP	Feb-25	811.57	50,000.00		50,811.57
Potter, Daniel Robert	Feb-25	802.83	500.00		1,302.83
Traylor/Singleton/Kay, Cynthia	Mar-25	83.56			83.56
Bonn, Frank Walter	Mar-25	754.46			754.46
Hatfield, Scott	Mar-25	46.40			46.40
TOTAL PENALTIES ASSESSED / CONTRIBUTIONS*		14,057.88	578,805.50	0.00	592,863.38

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 7 Months Ended March 31, 2025

				DAC	ADMIN	RTN CK FEES	
				PENALTY	OVERPMT/INT		
				19160	37700	19950/31100	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)
Misquez, 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)
MaloneBailey, LLP	Feb-25	PIF	(811.57)	(50,000.00)			(50,811.57)
Coe, Marcus Perry	Feb-25	PP		(300.00)			(300.00)
Kelly, Mark Charles	Feb-25	PP		(1,000.00)			(1,000.00)
Potter, Daniel Robert	Feb-25	PIF	(802.83)	(500.00)			(1,302.83)
Nesmith, Shawn David	Feb-25	PP		(513.00)			(513.00)
Kelly, Mark Charles	Mar-25	PP		(1,000.00)			(1,000.00)
Traylor/Singleton/Kay, Cynthia	Mar-25	PIF	(83.56)				(83.56)
Cordova, Henry Frank	Mar-25	PP	(248.47)	(1,322.09)			(1,570.56)
Nesmith, Shawn David	Mar-25	PIF		(508.66)			(508.66)
Bonn, Frank Walter	Mar-25	PIF	(754.46)				(754.46)
Hatfield, Scott	Mar-25	PP	(46.40)				(46.40)
TOTAL PAYMENTS RECEIVED				(14,057.88)	(602,010.48)	(1.11)	(616,069.47)
Adjustments:							
Houston, Charles					0.98		0.98
Haynes, Jerry Charles					0.13		0.13
TOTAL ADJUSTMENTS				0.00	0.00	1.11	1.11
Referred to OAG Enforcement for Collection:							
TOTAL REFERRED TO ENFORCEMENT				0.00	0.00	0.00	0.00
ENDING BALANCE - March 31, 2025				\$6,474.80	(\$773.53)	\$69.57	\$5,770.84

\*May include penalties received prior to board ratification. May not include assessed penalties for which an initial payment has not been received.

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

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

		FY 2025			
Contract Number	Contractor	Contract Term	Budget	Contract Amount	FY 25 Hourly Rate
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;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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B. 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	\$ 125	\$ 124
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 <sup>1</sup>	FY 26 Budget <sup>2</sup>	FY 27 Budget <sup>2</sup>	FY 28 Budget <sup>2</sup>	FY 29 Budget <sup>2</sup>	FY 30 Budget <sup>2</sup>
Estimated Revenue	\$ 7,532,542	\$ 8,398,000	\$ 9,167,457	\$ 9,459,063	\$ 10,579,065	\$ 10,535,949	\$ 10,428,581	\$ 10,321,436
Estimated Expenditures	(5,669,151)	(6,028,415)	(8,054,483)	(8,276,783)	(11,239,418)	(13,036,942)	(11,666,756)	(9,978,718)
Adj for GASB 87/96 Implementation						1,436,601		
Excess (Deficiency) Revenues over Expenditures	1,863,391	2,369,585	1,112,974	1,182,279	(660,354)	(1,064,392)	(1,238,175)	342,717
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	478,935	(1,363,698)	(1,767,736)	(2,041,519)	(460,627)
Beginning Fund Balance	5,728,242	6,888,289	8,689,665	8,739,295	9,218,230	7,854,533	6,086,797	4,045,278
Adjustment for Restatement		74,108						
Adjusted Beginning Fund Balance		6,962,397						
Ending Fund Balance	6,888,289	8,689,665	8,739,295	9,218,230	7,854,533	6,086,797	4,045,278	3,584,652
Board Policy Estimated Fund Balance	2,470,632	2,560,448	3,066,965	3,122,540	3,504,048	4,312,580	3,970,033	3,548,024
Board-Designated Contingency Reserve		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	595,690	350,484	274,217	75,245	36,628
Ending Fund Balance	6,888,289	8,689,665	8,739,295	9,218,230	7,854,533	6,086,797	4,045,278	3,584,652
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 contingency reserve\*:

Expenditures - estimated	\$ 5,669,151	\$ 6,028,415	\$ 8,054,483	\$ 8,276,783	\$ 9,802,817	\$ 13,036,942	\$ 11,666,756	\$ 9,978,718
Revised Expenditure adjustment								
Operating Expenditures & Transfer Out	\$ 5,669,151	\$ 6,028,415	\$ 8,054,483	\$ 8,276,783	\$ 9,802,817	\$ 13,036,942	\$ 11,666,756	\$ 9,978,718
3 month Operating Reserve	\$ 1,417,288	\$ 1,507,104	\$ 2,013,621	\$ 2,069,196	\$ 2,450,704	\$ 3,259,236	\$ 2,916,689	\$ 2,494,680
Board-Designated Contingency Reserve		\$ 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	\$ 8,622,540	\$ 7,504,048	\$ 5,812,580	\$ 3,970,033	\$ 3,548,024
Fund Balance Reserve Surplus/Deficit	\$ 4,417,658	\$ 3,879,217	\$ 1,922,330	\$ 595,690	\$ 350,484	\$ 274,217	\$ 75,245	\$ 36,628
	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 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**

<b>Indiv. Licenses</b>	0.341%	-0.419%	-0.298%	-0.298%	-0.298%	-0.298%	-0.298%
<b>Firms</b>	-2.129%	-2.371%	-1.448%	-1.448%	-1.448%	-1.448%	-1.448%
<b>Sponsors</b>	-6.270%	0.684%	2.081%	2.081%	2.081%	2.081%	2.081%
<b>Exam</b>	5.000%	-4.762%	-3.935%	-1.646%	-1.646%	-1.646%	-1.646%
<b>Other</b>	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
			2	1	1	1	1

COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2023 ACTUAL	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
<b>OPERATING FUND REVENUE</b>									
License, Fees & Permits		\$7,214,291	\$7,963,125	\$8,888,124	\$9,206,548	\$10,343,135	\$10,314,765	\$10,220,470	\$10,124,911
Sales of Goods and Services		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest and Investment Income		\$243,034	\$363,980	\$200,000	\$180,000	\$162,000	\$145,800	\$131,220	\$118,098
Other		\$75,216	\$70,895	\$79,333	\$72,515	\$73,929	\$75,385	\$76,891	\$78,427
<b>TOTAL OPERATING FUND REVENUE</b>		<b>\$7,532,542</b>	<b>\$8,398,000</b>	<b>\$9,167,457</b>	<b>\$9,459,063</b>	<b>\$10,579,065</b>	<b>\$10,535,949</b>	<b>\$10,428,581</b>	<b>\$10,321,436</b>
<b>PROFESSIONAL FEES INTEREST REVENUE</b>									
			-						
<b>SCHOLARSHIP FUND REVENUE</b>		725,888	736,813	733,690	732,428	730,245	728,069	725,900	723,736
<b>TOTAL REVENUES</b>		<b>\$8,258,430</b>	<b>\$9,134,812</b>	<b>\$9,901,147</b>	<b>\$10,191,491</b>	<b>\$11,309,310</b>	<b>\$11,264,019</b>	<b>\$11,154,481</b>	<b>\$11,045,172</b>

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

COBJ/ AGENCY OBJECT	DESCRIPTION	FY 2023 ACTUAL	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
<b>OPERATING FUND REVENUE:</b>									
<b>LICENSE, FEES &amp; PERMITS</b>									
3175 20005	REFUNDS PAYABLE								
11000	CPA LICENSE	5,190,264	5,947,482	5,937,335	6,826,005	7,207,350	8,359,561	8,345,424	8,265,059
	CPA LICENSE Temporary Increase		-	990,380	388,978	1,164,350	-	(64,345)	(64,147)
11001	CPA LIC REFUND	(943)	(381)	-	-	-	-	-	-
11050	CPA PENALTY	332,811	322,401	336,388	320,482	319,527	318,575	317,625	316,679
11051	CPA PEN REFUND	-	(748)	-	-	-	-	-	-
11100	PRACTICE UNITS	549,924	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	72,540	85,533	91,685	90,358	89,049	87,760	86,489
11151	PRAC UNIT PEN REFD	-	-	-	-	-	-	-	-
11200	FIRM ORGANIZATION FEES	321,231	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	72,270	72,427	66,694	65,596	64,517	63,455	62,410
12011	CERT FEE REFD	-	(100)	-	-	-	-	-	-
15000	SECTION 14 LIC (Foreign Req. 901.355)	-	-	-	-	-	-	-	-
16000	RECIP REG	64,000	58,100	64,688	49,506	45,698	45,373	45,050	44,730
16001	RECIP REG REFD	(100)	(100)	(101)	(85)	(79)	(78)	(78)	(77)
17100	CPE SPONSOR FEE	240,850	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	81,160	62,385	89,812	88,333	86,879	85,449	84,043
24402	EXAM ELIGIBILITY FEE-AUD	57,270	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	36,015	-	-	-	-	-	-
24503	EXAM ELIGIBILITY FEE-BEC REFD	-	(15)	-	-	-	-	-	-
24602	EXAM ELIGIBILITY FEE-FAR	63,105	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	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	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	9,120	8,490	9,120	9,120	9,120	9,120	9,120
23051	TRANS OF CREDIT OUT REFD	-	(120)	(40)	(120)	(120)	(120)	(120)	(120)
3719 31020	SALE OF LISTS	663	-	663	-	-	-	-	-
3719 31040	MISC COPIES	-	-	-	-	-	-	-	-
3179 31060	MISC COPIES REFD	-	-	-	-	-	-	-	-
3775 31100	RETURN CHECK FEES	195	195	195	195	195	195	195	195
<b>TOTAL LICENSE, FEES &amp; PERMITS</b>		<b>\$7,214,291</b>	<b>\$7,963,125</b>	<b>\$8,888,124</b>	<b>\$9,206,548</b>	<b>\$10,343,135</b>	<b>\$10,314,765</b>	<b>\$10,220,470</b>	<b>\$10,124,911</b>
<b>SALES OF GOODS AND SERVICES</b>									
3752 39201	SALE OF PUBLICATIONS	-	-	-	-	-	-	-	-
3750 39050	SALE OF FURN & EQUIP	-	-	-	-	-	-	-	-
<b>TOTAL SALES OF GOODS AND SERVICES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INTEREST AND INVESTMENT INCOME</b>									
25000	TTSTF INTEREST	232,693	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	-	-	-	-	-	-
<b>TOTAL INTEREST AND INVESTMENT INCOME</b>		<b>243,034</b>	<b>363,980</b>	<b>200,000</b>	<b>180,000</b>	<b>162,000</b>	<b>145,800</b>	<b>131,220</b>	<b>118,098</b>
<b>OTHER</b>									
3802 19160	DAC-OTHER CASES	31,842	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	1,250	1,800	1,250	1,250	1,250	1,250	1,250
32111	LETTERING OF CPA CERT REFD	(50)	-	(50)	-	-	-	-	-
34100	AICPA REGRADE (FY 13 to Ad Pen)	-	520	-	-	-	-	-	-
37250	REIMBURSEMENTS - 3rd PARTY	43,124	44,407	45,741	47,115	48,529	49,985	51,491	53,027
<b>TOTAL OTHER</b>		<b>\$ 75,216</b>	<b>\$ 70,895</b>	<b>\$ 79,333</b>	<b>\$ 72,515</b>	<b>\$ 73,929</b>	<b>\$ 75,385</b>	<b>\$ 76,891</b>	<b>\$ 78,427</b>
ADJUSTMENTS									
TRANSFER FROM FUND 106									
<b>TOTAL OPERATING FUND REVENUE</b>		<b>\$7,532,542</b>	<b>\$8,398,000</b>	<b>\$9,167,457</b>	<b>\$9,459,063</b>	<b>\$10,579,065</b>	<b>\$10,535,949</b>	<b>\$10,428,581</b>	<b>\$10,321,436</b>
<b>PROFESSIONAL FEES INTEREST REVENUE</b>									
		-	-	-	-	-	-	-	-
<b>SCHOLARSHIP FUND REVENUE (Note A)</b>		<b>725,888</b>	<b>736,813</b>	<b>733,690</b>	<b>732,428</b>	<b>730,245</b>	<b>728,069</b>	<b>725,900</b>	<b>723,736</b>
<b>TOTAL REVENUE</b>		<b>\$ 8,258,430</b>	<b>\$9,134,812</b>	<b>\$ 9,901,147</b>	<b>\$ 10,191,491</b>	<b>\$ 11,309,310</b>	<b>\$ 11,264,019</b>	<b>\$ 11,154,481</b>	<b>\$ 11,045,172</b>
<b>OTHER FUNDS COLLECTED:</b>									
Transfer to General Revenue Fund:									
Professional Fee (\$200) (Note B)		32,348	21,139	33,925	21,139	21,139	21,139	21,139	21,139
Administrative Penalties (effective FY 14)		106,495	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		<b>\$ 138,843</b>	<b>\$ 3,148,326</b>	<b>\$ 983,763</b>	<b>\$ 1,237,104</b>	<b>\$ 1,237,104</b>	<b>\$ 1,237,104</b>	<b>\$ 1,237,104</b>	<b>\$ 1,237,104</b>
<b>TOTAL REVENUE AND FUNDS COLLECTED</b>		<b>\$ 8,397,273</b>	<b>\$ 12,283,138</b>	<b>\$ 10,884,910</b>	<b>\$ 11,428,595</b>	<b>\$ 12,546,414</b>	<b>\$ 12,501,122</b>	<b>\$ 12,391,585</b>	<b>\$ 12,282,276</b>

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

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY  
Expenditure Budget - Operating Fund

		FY 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%
<b>SALARIES AND WAGES</b>		3,099,484	3,209,912	\$ 3,888,622	\$ 4,024,723	\$ 4,250,589	\$ 4,469,359	\$ 4,532,849	\$ 4,776,499
<b>OTHER PERSONNEL COSTS:</b>			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	-	-	-	-	-	-	-	-
<b>TOTAL, OTHER PERSONNEL COSTS</b>		127,260	92,361	138,722	138,768	143,549	148,496	153,617	158,917
<b>PROFESSIONAL FEES AND SERVICES:</b>									
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
<b>TOTAL, PROFESSIONAL FEES AND SERVICES</b>		264,081	358,777	1,174,180	1,105,378	3,043,462	3,069,951	2,995,126	966,244
<b>FUELS AND LUBRICANTS</b>		197	209	214	224	231	240	248	257
<b>CONSUMABLE SUPPLIES</b>		13,277	14,393	17,518	15,419	15,958	16,517	17,095	17,693
<b>UTILITIES</b>		-	-	-	-	-	-	-	-
<b>TRAVEL:</b>									
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	-	-	-	-	-	-	-	-
<b>TOTAL, TRAVEL</b>		27,243	26,661	43,379	32,848	33,997	35,187	36,419	37,694
<b>RENT - BUILDING:</b>									
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
<b>TOTAL, RENT - BUILDING</b>		20,897	21,388	27,972	22,912	23,713	24,543	25,402	26,292
<b>RENT - MACHINE AND OTHER:</b>									
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)	-	-	-	-	-	-	-	-
<b>TOTAL, RENT - MACHINE AND OTHER</b>		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%
<b>OTHER OPERATING EXPENSE:</b>								
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	232,088	261,733	264,000	262,722	261,441
W2023 OE - SRP Training	-	-	-	-	-	-	-	-
<b>TOTAL, OTHER OPERATING EXPENSE</b>	<b>583,447</b>	<b>655,651</b>	<b>977,138</b>	<b>1,010,743</b>	<b>1,201,629</b>	<b>1,205,936</b>	<b>1,189,982</b>	<b>1,163,288</b>
<b>PUBLIC ASSISTANCE PAYMENTS:</b>								
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	-	-	-	-	-	-	-	-
<b>TOTAL, PUBLIC ASSISTANCE PAYMENTS</b>	<b>134,253</b>	<b>134,253</b>	<b>155,500</b>	<b>155,500</b>	<b>155,500</b>	<b>155,500</b>	<b>155,500</b>	<b>155,500</b>
<b>CAPITAL EXPENDITURES:</b>								
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	-	-	-	-	-	-	-	-
<b>TOTAL, CAPITAL EXPENDITURES</b>	<b>-</b>	<b>73,706</b>	<b>58,195</b>	<b>78,955</b>	<b>81,719</b>	<b>1,521,180</b>	<b>87,539</b>	<b>90,603</b>
<b>DIRECT COST BUDGET</b>	<b>4,305,977</b>	<b>4,622,439</b>	<b>6,524,516</b>	<b>6,638,986</b>	<b>9,005,737</b>	<b>10,704,237</b>	<b>9,253,112</b>	<b>7,454,398</b>
<b>Indirect Costs:</b>								
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
<b>TOTAL OPERATING BUDGET</b>	<b>\$5,669,151</b>	<b>6,028,415</b>	<b>8,054,483</b>	<b>\$8,276,783</b>	<b>\$10,739,418</b>	<b>\$13,036,942</b>	<b>\$11,666,756</b>	<b>\$9,978,718</b>
<b>EFFA TRANSFERS OUT</b>			<b>\$360,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,000</b>	<b>\$100,000</b>
	\$ -	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;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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C. Report of Penalties Transferred to the General Revenue Over the Past 10 Years.

**DISCUSSION:** Mr. Treacy, executive director, will report on the transfers of penalties to general revenue over the past 10 years.

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.

**Amounts Transferred to Treasury for General Revenue**  
**January 2015 - February 2025**

<b>Professional Fees</b>	<b>Professional Fee Penalties</b>	<b>Administrative Penalties</b>	<b>CPE Penalties</b>	<b>Total Amount Transferred to Treasury</b>
10,154,121	256,063	10,216,619	277,061	<b>20,903,865</b>

<b>Significant Administrative Penalties</b>	
BDO USA, LLP	2,650,000
ERNST & YOUNG LLP	300,000
KPMG LLP	2,000,000
LAPORTE CPAS	275,000
ERNST & YOUNG LLP	3,000,000
MARCUM LLP	450,000

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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D. *89<sup>th</sup> Texas Legislative Session* – Proposed legislation affecting the *Public Accountability Act* – Update.

**DISCUSSION:** Mr. Hill, general counsel, will report to the Board on proposed legislation affecting the Board from the current legislative Session.

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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E. Report of the Ad Hoc Computer Utilization Committee

**DISCUSSION:** Ms. Warren, AHCUC chair, will report on AHCUC committee meetings held April 25, 2025 and May 5, 2025.

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.



**Ad Hoc Computer Utilization Committee Minutes**  
**April 25, 2025**  
**9:30 a.m.**

**Members Present**

Susan Warren, CPA  
Ray Garcia, CPA  
James 'Jim' Trippon, CPA

**Others Present**

Justin Allison  
Hershel Becker  
Charlie Bertero  
Robert Fayle  
Wallis Harvey Davis  
Tom Hawley  
AJ Johnson  
Kristin Johnson  
Trisha Kent  
Christina Rinaldi  
Ken Shirilla  
Jessica Torrez  
Joe Villa  
M. Willis

**Staff Present**

Marissa Brooks  
Nicole Duran, CPA  
Ann Hallam, PMP  
J. Randel (Jerry) Hill, Esq.  
Donna Hiller  
Maria Lagunas  
Brian O'Neal  
Marisa Rios  
Lorna Schwimmer-Staggs, CPA  
Lori Shaw  
William Treacy

1. Ad Hoc Computer Utilization Committee Overview.

**DISCUSSION:** The Board has been apprised of the need to update its computer systems, and on the recommendation of the Executive Committee, has approved funding for the procurement and implementation of new technology. Jeannette Smith, CPA, Presiding Officer of the Board, formed the Ad Hoc Computer Utilization (AHCUC) Committee in response.

The procurement process must adhere to various state laws and regulations, making it a complex and meticulous undertaking. Developing highly detailed and precise system specifications requires significant time and expertise, which the current staff, fully engaged in maintaining existing systems and delivering information technology (IT) services to the agency and public, currently does not have.

To address this, Ms. Smith has appointed the following members to the AHCUC, who will report to the Executive Committee:

- Ray Garcia, CPA
- Jim Trippon, CPA
- Susan Warren, CPA (Chair)

The committee's establishment aligns with Board *Rules 505.3 - Presiding Officer of the Board*, and the AHCUC operates under *505.10(1)(G) – Board Committees*:

*The functions of the executive committee shall be to advise, consult with, and make recommendations to the board concerning matters requested by the board's presiding officer, including:*

*(G) legislative oversight, including, but not limited to, budget, performance measures, proposed changes in legislation affecting the board, and computer utilization.*

These guidelines serve as a reference for the committee's scope and responsibilities.

Under normal circumstances, the staff effectively manages the Board's ongoing IT needs. However, the AHCUC's oversight and expertise will prove invaluable for this critical project.

Staff members from each division of the agency have been chosen to contribute their knowledge and expertise to the project. To ensure a seamless process, Marisa Rios, Staff Project Manager, will serve as the liaison to the committee.

**RECOMMENDATION:** None. These minutes were produced by the AHCUC committee.

**SUGGESTED MOTION:** None.

<p style="text-align: center;"><b>Ad Hoc Computer Utilization Committee Minutes</b> <b>April 25, 2025</b> <b>9:30 a.m.</b></p>
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2. Discussion, consideration, and possible action on the selection of a research and advisory firm.

**DISCUSSION:** Support services related to legacy modernization projects are available through the Texas Department of Information Resources (DIR), Deliverables-Based IT Services (DBITS) and the IR Research & Advisory Subscription Services contracts.

Three research and advisory vendors available through DIR were invited to present to the committee, the services they believe would best support the agency as it moves forward with the procurement and implementation of a modernized system.

Info-Tech Research Group, Inc. and Gartner, Inc. responded to staff's invitation and made their presentations to the committee.

**RECOMMENDATION:** None.

**SUGGESTED MOTION:** None.

<p style="text-align: center;"><b>Ad Hoc Computer Utilization Committee Minutes</b> <b>April 25, 2025</b> <b>9:30 a.m.</b></p>
--

3. Discussion, consideration, and possible action on the responses received from ITSAC Solicitation # RFR45701FY25.

**DISCUSSION:** Staff posted a Request for Resumes solicitation for an IT Contract Manager Level 3 or Specialist, via the IT Staff Augmentation Contract portal of the Texas Department of Information Resources website, on March 14, 2025. The ITSAC solicitation sought candidates with a strong background procuring vendors for Legacy Systems Modernization Procurement projects. This role involves designing, developing, and implementing procurement documents for posting to the Electronic State Business Daily.

Miller Jones, Inc. and Sistema Technologies, Inc. each provided one candidate resume, and both candidates interviewed before the committee.

**RECOMMENDATION:** None.

**SUGGESTED MOTION:** None.

<p style="text-align: center;"><b>Ad Hoc Computer Utilization Committee Minutes</b> <b>April 25, 2025</b> <b>9:30 a.m.</b></p>
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4. Schedule next meeting.

The next meeting is scheduled for May 5, 2025.

**Ad Hoc Computer Utilization Committee Minutes**  
**May 5, 2025**  
**10:00 a.m.**

**Members Present**

Susan Warren, CPA, In-person  
Ray Garcia, CPA

**Member Absent**

James 'Jim' Trippon, CPA

**Others Present**

Hershel Becker  
Charlie Bertero  
Joe Villa

**Staff Present**

Paulette Beiter, Esq.  
Nicole Duran, CPA  
Ann Hallam, PMP  
J. Randel (Jerry) Hill, Esq.  
Donna Hiller  
Maria Lagunas  
Brian O'Neal  
Marisa Rios  
Lori Shaw  
William Treacy

1. Continuation of the discussion, consideration and possible action on the responses received from ITSAC Solicitation #RFR45701FY25 respondents Miller Jones, Inc and Sistema Technologies, Inc.

**DISCUSSION:** Miller Jones, Inc. and Sistema Technologies, Inc. each provided one candidate resume in response to the Board's ITSAC solicitation. Both candidates interviewed before the committee at its April 25, 2025 meeting.

The committee verbally scored candidates Charlie Bertero and Wallis Harvey Davis, noting that both possessed experience with state agencies and the Department of Information Resources (DIR). Chair Warren observed that Mr. Davis's expertise was primarily in contract management, while Mr. Bertero's background was more focused on Texas procurement with some oversight in contract management. Member Garcia agreed with this assessment and had no additional comments.

The staff deferred to the committee for the selection of the IT Contract Manager or Specialist, Information Technology Contracting and Procurement individual (Contract Manager) to assist with procurement requirements and project management for the modernization licensing project based on the committee's interviews.

**RECOMMENDATION:** The committee is recommending that the Executive Committee recommend to the Board that it authorize the Executive Director to enter into a contract with Charlie Bertero of Miller Jones, Inc. for an IT Contract Specialist at a rate of \$140 per hour from May 15, 2025 – August 31, 2025, with the option to renew as needed.

**SUGGESTED MOTION:** Move that the Executive Committee recommend to the Board that it authorize the Executive Director to enter into a contract with Charlie Bertero of Miller Jones, Inc. for an IT Contract Specialist at a rate of \$140 per hour from May 15, 2025 – August 31, 2025, with the option to renew as needed.

<p style="text-align: center;"><b>Ad Hoc Computer Utilization Committee Minutes</b> <b>May 5, 2025</b> <b>10:00 a.m.</b></p>
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2. Discussion, consideration, and possible action on additional IT resources.

**DISCUSSION:** The IT division may need to solicit additional temporary staffing resources through DIR's ITSAC portal. Additional IT resources may be helpful to cover the current responsibilities of IT staff so they can participate in the modernization licensing project.

The committee heard from Executive Director William Treacy, who expressed his hope that, pending approval of Charlie Bertero's contract under Agenda Item #1, Mr. Bertero will assist the agency in reviewing its existing documentation to gain a clearer understanding of its procurement status.

The staff deferred to the committee for its consideration of additional IT resources.

**RECOMMENDATION:** None. Chair Warren deferred with no action at this point.

**SUGGESTED MOTION:** None.

**Ad Hoc Computer Utilization Committee Minutes**  
**May 5, 2025**  
**10:00 a.m.**

3. Discussion, consideration, and possible action on Info-Tech Research Group, Inc. and Gartner, Inc.

**DISCUSSION:** Info-Tech Research Group, Inc. and Gartner, Inc. responded to staff's invitation to present to the committee the services they believe would best support the agency as it moves forward with the procurement and implementation of a modernized licensing system.

Each firm made their presentation and provided an opportunity for the committee to have their questions answered.

The staff is deferring to the committee for the selection of the research and advisory firm based on the committee's interviews to provide a subscription-based service to assist in developing the modernized licensing system strategy.

**RECOMMENDATION:** None. The committee instructed the Executive Director to reach out to Info-Tech Research Group, Inc. and Gartner, Inc. to gather further information in order to determine the appropriate contract for the agency's current and future status initiatives: subscription-based services or deliverables-based IT services (DBITS).

**SUGGESTED MOTION:** None.



<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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F. Review of NASBA/AICPA matters:

**DISCUSSION:** Ms. Smith, presiding officer, will present the following NASBA/AICPA matters:

1. NASBA dates of interest
  - a. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
  - b. 118<sup>th</sup> Annual Meeting, October 26 - 29, 2025 - Chicago, IL.
2. NASBA committee assignment Mr. Treacy

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.

## William Treacy

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**Subject:** NASBA Committee Appointment - ED Group/Exam Security

**From:** Kent Absec <[kabsec@nasba.org](mailto:kabsec@nasba.org)>  
**Sent:** Wednesday, April 16, 2025 7:36 AM  
**To:** William Treacy <[WTreacy@tsbpa.texas.gov](mailto:WTreacy@tsbpa.texas.gov)>  
**Subject:** ED Group/Exam Security

Good morning Bill,

I hope you are having a nice week. Hard to believe, it's the 16<sup>th</sup> of April.

I am reaching out to see if you'd be interested in potentially being a part of an ED group that takes a look exam security and also, in particular, at the Informed Consent form (NASBA doc) and the Code of Conduct/No Disclosure Agreement (NDA) form (AICPA doc) for exam candidates? We are looking to get together a group of five(5) ED's to help with this project.

NASBA is looking to get this group together to see how we can provide more clarity around the exam process including, potentially, what happens when there's an allegation that someone may have violated the NDA. What would state boards like to see or expect from the AICPA, etc. Of course, the group would look at enhancing the documents mentioned above. It's very important to get individuals on the group that have some experience as an ED and your overall knowledge of the exam process, as well. Dan and I immediately thought of you as a possible member of the group.

At this point, I don't know how much of a commitment it would be, but it looks like we may get this group together shortly. At this point, I believe Bill Emmer would be leading the charge on this and if you are willing to participate, I'd give Bill your name.

Let me know if you have the time and would be interested in participating; we would love to have you involved.

Take care and thank you.

Kent A. Absec  
VP, State Board Relations

Hi Ken,  
I would be happy to contribute in any way I can and do my part to support the effort.  
Bill

Bill,

Thank you for your willingness to be a part of this group. That is terrific news you are onboard. I've already let Bill Emmer know so he will probably be the one reaching out to you.

Thanks  
Kent  
Kent A. Absec  
VP, State Board Relations

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
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G. Review of general correspondence.

**DISCUSSION:** Ms. Smith, presiding officer, will review general correspondence coming to the Board's attention.

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.

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**Subject:**

Maria Graziani - Exam Team

Dear Donna,

I had the privilege to advance this candidate's AOI yesterday; her long journey stood out. This candidate started testing in 2003, life happened and she stopped testing in 2012 so her candidacy expired. Pamela called me to understand her status and she was relieved when I told her she was grandfathered. I was delighted when Pamela finally sent a new AOI and hopefully she will receive tomorrow her official approval to start scheduling.

Pamela mentions below that I motivated her, and I wanted to share this with you because YOU encourage us to care and advocate for candidates, paying attention to those who might need extra help, like Pamela.

Thanks for your leadership during changing times and for building a team we are all proud to belong to.

Sincerely,

Maria G.

**From:** P Stone <[dstscooby@yahoo.com](mailto:dstscooby@yahoo.com)>

**Sent:** Thursday, March 6, 2025 9:16 PM

**To:** Maria Graziani [MGraziani@tsbpa.texas.gov](mailto:MGraziani@tsbpa.texas.gov)

**Subject:** Re: Grandfathered AOI advanced to the last review

Hello Maria,

Appreciate the update and the motivation you gave me when I called you to restart this journey.

Pamela

"Laugh uncontrollably...it is good for the soul"

[Sent from Yahoo Mail for iPhone](#)

On Thursday, March 6, 2025, 2:21 PM, Maria Graziani <[MGraziani@tsbpa.texas.gov](mailto:MGraziani@tsbpa.texas.gov)> wrote:

Dear Pamela,

A note to tell you we have all the required documents for your [Application of Intent \(AOI\)](#) Your AOI has advanced to the last review. Barring any deficiencies, you should be hearing officially from the Board in [a few days](#).

It was my pleasure to be your evaluator.

-----  
**Subject:**

Tina Smith - ExamTeam

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Hello Steve:

We appreciate receiving feedback from our clients. Thank you for the positive comments about Tina Smith. She is a valuable employee who demonstrates a "service attitude" with everyone. So glad that she could answer your questions, and we look forward to welcoming you to the CPA profession!

Take care.

Regards,  
Donna Hiller

**From:** steve bishop <[stevebishop007@hotmail.com](mailto:stevebishop007@hotmail.com)>

**Sent:** Monday, March 10, 2025 2:11 PM

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

**Subject:** Very Professional and Pleasant

Donna.....I had not contacted the Board in years and inquired with Tina about the current education requirements and where I stood. She had good news for me and is very professional, courteous and helpful. Thanks for letting me share. Steve Bishop Control # 0153177

---

**Subject:**

Donna Hiller

**From:** BAΨ at UTSA <[bapatutsa@gmail.com](mailto:bapatutsa@gmail.com)>

**Sent:** Tuesday, March 18, 2025 8:00 AM

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

**Subject:** Thank you from Beta Alpha Psi @ UTSA

Good morning,

I wanted to take a moment to thank you for taking the time yesterday to speak with our members and accounting students at UTSA. It was a really valuable session, and I hope we'll see more successful CPAs from UTSA in the future.

I've attached some photos from the event in case you find them useful.

Thank you once again, and I hope you have a wonderful week!

Best Regards,

**Ruslan Shukurov**

**President**

Beta Alpha Psi - BAΨ

(726) 219 4364

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**Subject:**

Maria Graziani - Exam Team

This note is a reminder of why I love this job, that gives us the opportunity to help people.  
This candidate took 10 years to get here, and it means even more to him since his grandpa and dad are CPAs.  
This is for you all, who also help candidates every day and your care makes the world better.

**From:** Philip Vogel <[philip.h.vogel@gmail.com](mailto:philip.h.vogel@gmail.com)>**Sent:** Wednesday, March 19, 2025 10:01 AM**To:** Maria Graziani <[MGraziani@tsbpa.texas.gov](mailto:MGraziani@tsbpa.texas.gov)>**Subject:** Re: FW: Ctrl No: 0242603-your call

Hi Maria!

Thank you so much for the follow up here, very sweet of you.

Thank you for your time and attention this morning, you made my day by helping ease the anxiety of this next step.


I will be sure to follow up with you and the board should I have any further questions. I hope to get everything mailed out here in the next day so that I can start waiting by the mailbox!

Thank you again!

Philip "Phil" Vogel

**Sent:** Monday, April 14, 2025 5:15 PM

**Subject:** Positive feedback about Qualifications on Reddit

←  **r/CPA** • 7 days ago  
BlazeTactics

## Messed up my Application of Intent (TX)

### QUESTION

I just mailed my application of intent off to the Texas State Board and realized I left my SSN off of the first included on the other pages and I included a photocopy of my ssn card as well. I know it's stupid but I'm a mistake like that will set my timeline back. Does anyone have any answers?

↑ 2 ↓    3         Share

Add a comment

Sort by: New (Default) ▾     Search Comments



**Anooyoo2024** • 7d ago

You can call their office and speak to a human about it if you're worried. I called to get a timeline processing my application and some other dumb stuff and they were very nice and patient.

<https://www.tsbpa.texas.gov/general/contacts.html>

↑ 2 ↓     Reply     Award     Share    ...



**BlacksmithWeak2504** • 7d ago

The TX board is so friendly and so nice. like it's shocking how nice they are. I would email them an issue. They'll get back to you. They're very quick and efficient.

⊖    ↑ 4 ↓     Reply     Award     Share    ...



**Recent\_Club3954** • 6d ago

Passed 3/4

Oh my gosh I could not agree more!! I have been really impressed with the Texas board through the entire process.

↑ 1 ↓     Reply     Award     Share    ...



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**Subject:**

April Serrano Licensing / CPE

Marissa,

I hope you had a wonderful weekend. I wanted to drop a note to let you know how much I appreciate the TSBPA and specifically, April. My license was under administrative revocation and April expertly guided me through the process of restoring my license status. In an age of automation, it's rare to encounter an organization without automated phone trees and canned responses.

April was available through every step of the process and replied to my inquiries and follow ups timely. I was exceedingly impressed as I can only imagine the volume of inquiries TSBPA handles on a regular basis and I still felt like I was the only person supported.

Again, thank you for a well run program.

Regards,

--

Sally

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Sally

<p style="text-align: center;"><b>Agenda Item IV</b> <b>Report of the Executive Committee</b> <b>May 14, 2025</b></p>
---

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

**DISCUSSION:** Ms. Smith, presiding officer, will discuss the upcoming annual evaluation of the executive director.

**RECOMMENDATION:** None by staff.

**SUGGESTED MOTION:** None by staff.

<p style="text-align: center;"><b>Agenda Item IV. Part II.</b> <b>May 15, 2025</b></p>
--

- I. **DISCUSSION:** Authorization of Board for executive director to contract with Charlie Bertero.

**RECOMMENDATION:** The committee recommends that the Board authorize the executive director to contract with Charlie Bertero.

**SUGGESTED MOTION:** Move that the Board authorize the executive director to contract with Charlie Bertero.

**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 505 – The Board* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- B. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 507 – Employees of the Board* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- C. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 509 – Rulemaking Procedures* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- D. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 527 – Peer Review* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.
- E. Schedule next meeting.

**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

- A. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 505 – The Board of the Board’s Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** Staff is recommending that the committee review the *Chapter 505* rules and determine if there is a need to revise any rules, repeal any unnecessary rules or readopt the rules necessary to administer the Board’s regulatory program.

Staff is recommending that much of *Rule 505.1* be repealed. The Board seal is not required to be a rule and any revision to the seal should be an administrative function of the Board and not be required to go through a rulemaking process.

**RECOMMENDATION:** The staff recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revision 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 Committee recommend to the Board that it authorize the executive director to publish the proposed revision to 505.1 in the *Texas Register* for public comment and readopt those rules requiring no revision.

CHAPTER 505                      The Board  
RULE §505.1                    Board Seal and Headquarters

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~~(a) The official seal of the board illustrated in paragraph (8) of this subsection shall consist of:~~

~~(1) a circle with a rope border;~~

~~(2) a five point star comprised of five diamond shapes, in the center, with the star placed so that one point is pointed directly at the top, with the remaining points spaced equidistant;~~

~~(3) the word "TEXAS" is spelled out placing one capital letter between each point of the star beginning on the left side of the star;~~

~~(4) the center star is itself bordered by a circle of dots;~~

~~(5) the words "TEXAS STATE" in capital letters appear at the top of the seal in the margin between the dot border and the rope border;~~

~~(6) the words "BOARD OF PUBLIC ACCOUNTANCY" in capital letters appear at the bottom of the seal in the margin between the dot border and the rope border;~~

~~(7) the background of the seal shall be black; and~~

~~(8) all features described in paragraphs (1) - (6) of this subsection shall be in gold.~~

[Attached Graphic](#)

~~(a) (b)~~ The board seal may be embossed on a solid gold background to place official board records and documents under seal. The board may cause the board seal to be reproduced in other color schemes for use in official board business or board authorized functions or publications. The board seal may not be reproduced or used for non-board business without the express written consent of the board's executive director.

~~(b) (c)~~ The headquarters and administrative offices of the board shall be at 505 E. Huntland Drive, Suite 380, Austin, Texas 78752.

CHAPTER 505            The Board  
RULE §505.2           Duties of the Board

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(a) The board is statutorily empowered to regulate the practice of accountancy in Texas.

(b) The board may adopt rules as necessary to govern its proceedings, perform its duties, regulate the practice of accountancy in Texas, and enforce applicable law.

(c) The board may act directly under its statute and rules or through the executive director or a committee of the board.

(d) Pursuant to the Act, the board is responsible for policy-making decisions and the executive director is responsible for the agency's management decisions and administrative responsibilities.

1 CHAPTER 505 The Board  
2 RULE §505.3 Presiding Officer of the Board  
3

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4 **(a)** When present, the presiding officer shall conduct all board meetings, **and shall**  
5 **oversee the official business of the board.** The presiding officer shall appoint such  
6 committees as the board may authorize under §505.10 of this chapter (relating to Board  
7 Committees) and may delegate the signing of official documents. The presiding officer  
8 may sign board orders on behalf of the board after the board has approved adoption of  
9 the order. The presiding officer shall serve as the official spokesman of the board and  
10 shall have such other responsibilities as assigned and such other authority as conferred  
11 by the board.

12 **(b) Official board business is defined as board meetings, committee meetings,**  
13 **conferences or meetings where board business may be discussed, informal**  
14 **enforcement committee meetings, settlement conferences, swearing-in**  
15 **ceremonies, board matters involving litigation, speaking engagements pertaining**  
16 **to the board, consultation with board staff and/or the public regarding board**  
17 **matters, and meetings where legislation or board matters may be discussed or**  
18 **heard.**



1 CHAPTER 505 The Board  
2 RULE §505.4 Assistant Presiding Officer of the Board  
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4 The assistant presiding officer, in the absence of the presiding officer, shall perform the  
5 duties of the presiding officer as specified in §505.3 of this chapter (relating to Presiding  
6 Officer of the Board), and shall perform such other duties as the board shall designate.

1 CHAPTER 505 The Board  
2 RULE §505.5 Secretary of the Board  
3

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4 The secretary shall perform such duties as in the judgment of the board are necessary,  
5 including attesting to the accuracy of the board meeting minutes following approval by  
6 the board.

7

1 CHAPTER 505 The Board  
2 RULE §505.6 Treasurer of the Board  
3

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4 The treasurer shall supervise the maintenance of appropriate financial records for the  
5 board and the preparation of the annual reports to the governor and Legislative Budget  
6 Board, and shall perform such other duties as in the judgment of the board are  
7 necessary.

1 CHAPTER 505 The Board  
2 RULE §505.7 Vacancies in the Board  
3

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4 If for any reason a vacancy occurs in the board, the presiding officer shall provide a  
5 notice to the governor and ask for the appointment of a new member to fill the  
6 unexpired term. If the vacancy occurs in any of the officers of the board, the board shall  
7 elect from its own membership at the first regular or special meeting following the  
8 vacancy a new officer to serve for the balance of the unexpired term.

CHAPTER 505            The Board  
RULE §505.8            Board Meetings

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(a) Board meetings shall be open to the public. The executive director is responsible for providing notice of board meetings pursuant to the Open Meetings Act.

(b) Board meetings shall take place at the headquarters of the board or, if the convenience of the public and the board will be better served, at such place as the board may designate.

(c) Special meetings may be held upon the call of the presiding officer, or upon call of a majority of the members of the board, after reasonable notice.

1 CHAPTER 505 The Board  
2 RULE §505.9 Order of Business  
3

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4 (a) The executive director, in conjunction with the presiding officer, shall prepare a  
5 written agenda for each board meeting and distribute a copy of the agenda to each  
6 board member.

7 (b) Any board member may place an item on the board's agenda by written request to  
8 the presiding officer at least 20 days before the next board meeting.

9 (c) Conduct of board meetings shall be guided by Robert's Rules of Order, except that  
10 no board action shall be invalidated by reason of failure to comply with those rules.

11 (d) Except for board enforcement actions, disciplinary actions and investigations, any  
12 person may request an appearance before the board for the purpose of making a  
13 presentation on a matter under the board's jurisdiction. The presiding officer may deny a  
14 request to appear based on time constraints or other reasons which, in the presiding  
15 officer's opinion, warrant such denial. When practicable, a specific date and time to  
16 appear shall be set by the presiding officer, and a time limit may also be imposed. The  
17 person requesting the appearance should state in writing in reasonable detail the  
18 request to be made of the board and the estimated time needed.

1 CHAPTER 505 The Board  
2 RULE §505.10 Board Committees  
3

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4 (a) Committee appointments. Appointments to standing committees and ad hoc  
5 committees shall be considered annually by the board's presiding officer to assist in  
6 carrying out the functions of the board under the provisions of the Act. Committee  
7 appointments shall be made by the presiding officer for a term of two years but may be  
8 terminated at any point by the presiding officer. Committee members may be re-  
9 appointed at the discretion of the presiding officer. The board's presiding officer shall be  
10 an ex officio member of each standing committee and ad hoc committee and chair of  
11 the executive committee.

12 (b) Committee actions. The actions of the committees are recommendations only and  
13 are not binding until ratification by the board at a regularly scheduled meeting.

14 (c) Committee meetings. Committee meetings shall be held at the call of the committee  
15 chair, and a report to the board at its next regularly scheduled meeting shall be made by  
16 such chair or, in the absence of the chair, by another board member serving on the  
17 committee.

18 (d) Vacancies. If for any reason a vacancy occurs on a committee, the board's presiding  
19 officer may appoint a replacement in accordance with subsection (a) of this section.

20 (e) Standing committee structure and charge to committees. The standing committees  
21 shall consist of policy-making committees and working committees comprised of the  
22 following individuals and shall be charged with the following responsibilities.

23 (1) The executive committee shall be a policy-making committee comprised of the  
24 board's presiding officer, assistant presiding officer, secretary, treasurer, immediate past  
25 presiding officer of the board if still serving on the board, and at least one other officer  
26 elected by the board. The executive committee shall also be the board's audit  
27 committee. The executive committee may act on behalf of the full board in matters of  
28 urgency, or when a meeting of the full board is not feasible; the executive committee's  
29 actions are subject to full board ratification at its next regularly scheduled meeting. The  
30 functions of the executive committee shall be to advise, consult with, and make  
31 recommendations to the board concerning matters requested by the board's presiding  
32 officer, including:

1 (A) the board's budget and finances;  
2 (B) litigation;  
3 (C) emergency suspensions pursuant to §519.12 of this title (relating to Emergency  
4 Suspension);  
5 (D) emergency rulemaking pursuant to §2001.034 of the Administrative Procedure Act;  
6 (E) amendments to the Act;  
7 (F) responses/positions relating to papers, reports, and other submissions from national  
8 or international associations or boards;  
9 (G) legislative oversight, including, but not limited to, budget, performance measures,  
10 proposed changes in legislation affecting the board, and computer utilization; and  
11 (H) special issues.

12 (2) The CPE committee shall be a working committee comprised of at least two board  
13 members, one of whom shall serve as chair, assisted by at least two non-board  
14 members who shall serve in an advisory capacity. The committee shall make  
15 recommendations to the board regarding:

16 (A) the mandatory CPE program in accordance with Chapter 523 of this title (relating to  
17 Continuing Professional Education);

18 (B) investigations of sponsor compliance with the terms of the sponsor agreements,  
19 including the related recordkeeping requirements;

20 (C) the results of monitoring CPE courses for the purpose of evaluating the facilities,  
21 course content as presented, and the adequacy of the course presenter(s);

22 (D) any significant deficiencies observed in carrying out subparagraphs (B) and (C) of  
23 this paragraph; and

24 (E) make recommendations to the board's policy-making committees (the executive  
25 committee and the rules committee) concerning proposed changes in board rules,  
26 opinions, and policies related to the mandatory CPE program as it relates to licensees  
27 and to relations with sponsors of CPE.

28 (3) The qualifications committee shall be a working committee comprised of at least two  
29 board members, one of whom shall serve as chair, assisted by at least two non-board  
30 members who shall serve in an advisory capacity. The committee shall make  
31 recommendations to the board regarding:



(A) the educational qualifications of an applicant for the UCPAE in accordance with Chapter 511, Subchapter C of this title (relating to Educational Requirements) and courses that may be used to meet the education requirements to take the examination;

(B) the administration, security, discipline, and other aspects of the conduct of the UCPAE in Texas;

(C) the work experience qualifications of an applicant for the CPA certificate in accordance with §§511.121 - 511.124 of this title (relating to Experience Requirements); and

(D) recommendations to the board's policy-making committees (the executive committee and the rules committee) concerning proposed changes in board rules, opinions, and policies relating to the qualifications process.

(4) The licensing committee shall be a working committee comprised of at least two board members, one of whom shall serve as chair, assisted by at least two non-board members who shall serve in an advisory capacity. The committee shall make recommendations to the board regarding:

(A) applications for certification, registration, and licensure;

(B) where applicable, the equivalency examination measuring the professional competency of an applicant for a CPA certificate by reciprocity; and

(C) recommendations to the board's policy-making committees (the executive committee and the rules committee) concerning proposed changes in board rules, opinions, and policies as they relate to the licensing process.

(5) The behavioral enforcement committee shall be a working committee comprised of at least two board members, one of whom shall serve as chair, assisted by at least two non-board members who shall serve in an advisory capacity. The committee shall:

(A) review requests or applications for reinstatement of any certificate, registration, or license which the committee recommended and the board revoked, suspended, or refused to renew;

(B) investigate complaints involving alleged violations of the Act and the board's rules, primarily concerning behavioral issues, and based upon its findings, make recommendations to the board or authorize the staff to offer an agreed consent order, or in the alternative, to litigate the findings of Act or rule violations;

1  
2 (C) follow up on board orders to insure that licensees and certificate holders and others  
3 adhere to sanctions prescribed by or agreements with the board; and  
4 (D) make recommendations to the board's policy-making committees (the executive  
5 committee and the rules committee) concerning proposed changes in board rules,  
6 opinions, and policies related to the behavioral restraints of the rules and the Act.  
7 (6) The technical standards review committee shall be a working committee comprised  
8 of at least two board members, one of whom shall serve as chair, assisted by at least  
9 three non-board members who shall serve in an advisory capacity. The committee shall:  
10 (A) review requests or applications for reinstatement of any certificate, registration, or  
11 license which the committee recommended and the board revoked, suspended, or  
12 refused to renew;  
13 (B) investigate complaints from any source involving alleged violations of the Act and  
14 the board's rules, primarily concerning technical issues and based upon its findings,  
15 make recommendations to the board or authorize the staff to offer an agreed consent  
16 order, or in the alternative, to litigate the findings of Act or rule violations;  
17 (C) follow up on board orders to insure that licensees or certificate holders and others  
18 adhere to sanctions prescribed by or agreements with the board; and  
19 (D) make recommendations to the board's policy-making committees (the executive  
20 committee and the rules committee) concerning proposed changes in board rules,  
21 opinions, and policies related to enforcement of technical standards.  
22 (7) The peer review committee shall be a working committee comprised of at least two  
23 board members, one of whom shall serve as chair, assisted by at least two non-board  
24 members who shall serve in an advisory capacity. The committee shall:  
25 (A) conduct a periodic review of firms in accordance with Chapter 527 of this title  
26 (relating to Peer Review);  
27 (B) refer to the technical standards review committee firms with deficient reviews for  
28 which educational rehabilitation has not been effective; and  
29 (C) make recommendations to the board's policy-making committees (the executive  
30 committee and the rules committee) concerning proposed changes in board rules,  
31 opinions, and policies relating to the peer review program.

(8) The board rules committee shall be a policy-making committee comprised of at least three board members, one of whom shall serve as chair. The committee shall make recommendations to the board concerning the board's rules, opinions, and policies. All working committees shall refer proposed changes to the board's rules, opinions, and policies to the rules committee for consideration for recommendation to the board.

(9) The peer assistance oversight committee shall be a working committee comprised of at least two board members, one of whom shall serve as chair, assisted by at least two non-board members who shall serve in an advisory capacity. The committee shall oversee the peer assistance program administered by the TXCPA as required under the Texas Health and Safety Code, §467.001(1)(B), and insure that the minimum criteria as set out by the Department of State Health Services are met. It shall make recommendations to the board and the TXCPA regarding modifications to the program and, if warranted, refer cases to other board committees for consideration of disciplinary or remedial action by the board. The committee shall report to the board on a semi-annual basis, by case number, on the status of the program.

(10) The constructive enforcement committee shall be a working committee comprised of at least two board members, one of whom shall serve as chair, assisted by non-board CPA members. At least one Committee member shall be a public member of the board. The committee shall approve the constructive enforcement program, coordinate its activities with board committees and staff, and supervise the training of constructive enforcement advisory committee members. A staff attorney of the board shall supervise the day to day administration of the constructive enforcement program and activities of the committee's non-board members on behalf of the committee chairman. The committee shall:

(A) investigate matters forwarded to the committee from any other board committee or board staff in accordance with board instruction and policy;

(B) prepare, as appropriate, investigative reports regarding each referred matter;

(C) inform referring board committees or board staff of the results of its investigations;

(D) inform the appropriate committee when possible violations of board rules and the Act are observed; and

1 (E) make recommendations to the board's policy-making committees (the executive  
2 committee and the rules committee) concerning proposed changes in board rules,  
3 opinions, and policies relating to the constructive enforcement program.

4 (f) Ad hoc advisory committees. Ad hoc advisory committees may be established by the  
5 board's presiding officer and members and advisory members appointed as appropriate.

6 (g) Policy guidelines. All advisory committee members performing any duties utilizing  
7 board facilities and/or who have access to board records, shall conform and adhere to  
8 the standards, board rules, and personnel policies of the board as described in its  
9 personnel manual and to the laws of the State of Texas governing state employees.

10 (h) Conflicts of interest. To avoid a conflict of interest or the appearance of a conflict of  
11 interest, no committee member may provide a report or expert testimony for or  
12 otherwise advocate on behalf of a complainant or a respondent in a disciplinary matter  
13 pending before the board while serving on a standing committee of the board.

1 CHAPTER 505 The Board  
2 RULE §505.12 Enforcement Committees  
3

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4 (a) The behavioral enforcement committee, the technical standards review committee  
5 and the constructive enforcement committee shall be the board's enforcement  
6 committees.

7 (b) A member of the board serving on an enforcement committee shall recuse himself  
8 and take no part in the board's vote on the final disposition of any case investigated by  
9 that enforcement committee.

CHAPTER 505            The Board  
RULE §505.13        Board Committee Member Recusals

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A member of a board committee may not participate in the discussion and may not vote on an issue before the committee in which the member has a substantial personal or financial interest or such participation would create or appear to create a bias. Each committee member who is ineligible to participate in the disposition of an issue by reason of this section shall provide a concise, factual statement of the reason why the member is not participating prior to the commencement of discussion of that issue by the committee.

**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

- B. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 507 – Employees of the Board* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The staff is recommending a revision to *Rule 507.2* to update the prohibition on nepotism to include the third degree of consanguinity as provided for in Section 573.041 of the Government Code. *Rule 507.3* is proposed to be revised to recognize that the Board may hire attorneys as consultants to provide services for the Board.

**RECOMMENDATION:** The staff recommends that the Rules 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 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.

CHAPTER 507 EMPLOYEES OF THE BOARD  
RULE §507.1 Executive Director

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The board shall employ an executive director who will serve at the will of the board. The executive director shall be the administrator of the board office and shall employ the staff necessary to conduct the activities of the board. The executive director shall also be responsible for the operation of the agency in accordance with board policy, state and federal law, and duties established by the board. The executive director is empowered to make preliminary interpretations of the Act or of this title, except that any interpretation by the executive director shall not be binding upon the board. The executive director is the custodian of the board's records.



1 CHAPTER 507 EMPLOYEES OF THE BOARD  
2 RULE §507.2 Staff  
3

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4 (a) The executive director shall employ such staff as is authorized and necessary for the  
5 conduct of the board's affairs. Applications for employment by the board shall notify  
6 prospective employees that no employee of the board may be employed in an  
7 executive, administrative or professional capacity, as that phrase is used for purposes  
8 of establishing an exemption to the overtime provisions of the Fair Labor Standards Act,  
9 and its subsequent amendments, if:

10 (1) the prospective employee is acting in the capacity of an officer, executive board or  
11 executive committee member, employee, or paid consultant of a Texas trade  
12 association in the field of public accountancy; or

13 (2) the prospective employee's spouse is acting in the capacity of an officer, executive  
14 board or executive committee member, manager or paid consultant of a Texas trade  
15 association in the field of public accountancy; or

16 (3) be related within the second degree of affinity or within the third ~~second~~ degree of  
17 consanguinity to a person who is an officer, employee, or paid consultant of a trade  
18 association in the field of public accountancy.

19 (b) Each employee shall be hired without regard to race, color, handicap, sex, religion,  
20 age, or national origin. The executive director shall report at least annually to the board  
21 on compliance with this policy.

CHAPTER 507 EMPLOYEES OF THE BOARD  
RULE §507.3 Independent Contractors

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The board may, pursuant to §901.151(c) of the Act (relating to General Powers and Duties of Board) and §472.107 of the Texas Government Code, employ independent contractors, including **attorneys**, investigators and consultants, to perform services prescribed by the board. The basis for compensation of independent contractors shall be stated in the contract of employment. The board will re-procure professional services contracts no later than every four years and provide documented justification for entering into a multiyear contract or to extend a contract beyond one year for professional services. **The board may contract with outside legal counsel for legal services with approval from the Office of Attorney General for a specific period or assignment.**

1 CHAPTER 507 EMPLOYEES OF THE BOARD  
2 RULE §507.4 Confidentiality  
3

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

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

1 CHAPTER 507 EMPLOYEES OF THE BOARD  
2 RULE §507.5 Duties of the Executive Director  
3

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4 (a) The board shall determine the qualifications for and employ an executive director  
5 who shall be the chief administrative officer of the agency.

6 (b) The duties of the executive director shall be to administer and enforce the applicable  
7 law, to assist in conducting meetings of the board, and to carry out other responsibilities  
8 as assigned by the board.

9 (c) The executive director shall have the authority and responsibility for the operations  
10 and administration of the agency and such additional powers and duties as prescribed  
11 by the board.

12 (d) As chief administrative officer of the agency, the executive director shall be  
13 responsible for the management of all aspects of administration of the agency to include  
14 personnel, financial and other resources in support of the applicable law, rules, policies,  
15 mission and strategic plan of the agency and may act on behalf of the board as needed  
16 to manage contested and litigated cases.

17 (e) The duties imposed on the executive director under this section may be discharged  
18 through board staff.

1 CHAPTER 507

EMPLOYEES OF THE BOARD

2 RULE §507.6

Employee Training and Education Assistance Program

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3  
4 (a) Pursuant to the State Employees Training Act, Chapter 656, Subchapter C of the  
5 Texas Government Code, it is the policy and practice of the board to encourage an  
6 employee's professional development through training and education programs.

7 (b) The board may provide assistance for education and training for an employee if the  
8 executive director determines that the education or training will enhance the employee's  
9 ability to perform current or prospective job duties and will benefit both the board and  
10 the employee.

11 (c) Financial assistance may be awarded for some or all of the following expenses:

12 (1) tuition, including correspondence courses that fulfill degree, professional or General  
13 Equivalence Diploma (GED) program plan requirements;

14 (2) degree plan pertinent College Level Equivalency Program examinations if the  
15 employee receives college credit or waiver of course requirements;

16 (3) degree plan pertinent Life Experience Assessments if the employee receives college  
17 credit; and

18 (4) required fees, including lab fees, and books.

19 (d) Financial assistance granted under this program shall be established by the board.

CHAPTER 507 EMPLOYEES OF THE BOARD  
RULE §507.7 Eligibility

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(a) To be eligible for consideration for training and education assistance, an employee must:

(1) be in good standing with the board;

(2) meet and continue to meet all performance expectations;

(3) have at least 12 months of service with the board; and

(4) seek enrollment and participation in a field of study that relates to assigned or prospective job duties, a professional development requirement, a GED program or a higher education degree plan.

(b) To maintain eligibility in a degree program an employee must be enrolled in an institution of higher education in a course of instruction leading toward a degree and maintain a passing grade point average.

(c) To maintain eligibility in a GED program an employee must be enrolled each semester in a GED program and maintain a passing grade point average.

(d) The employee must attend and satisfactorily complete the education and training, including passing tests or other types of performance measures where required.

(e) Each semester an employee must provide grade reports to verify that full credit was received for courses taken.

(f) An employee must provide fee receipts for courses to be taken and must promptly report outside funds such as grants, scholarships or other financial aid received. The executive director may adjust the assistance provided to the employee at any time for any reason.

CHAPTER 507 EMPLOYEES OF THE BOARD  
RULE §507.8 Procedures

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(a) The executive director may require a written agreement between the board and the employee describing the terms and conditions of the education or training assistance to be provided by the board. The board may impose such terms and conditions as may be reasonable and appropriate, including but not limited to, specifying the circumstances under which the assistance may be terminated and the employee may be required to repay the amount of assistance.

(b) The executive director will reconsider each employee's participation in the Education Assistance Program each semester.

(c) Assistance may be terminated and the employee may be required to repay all funds received from the institution if the employee:

(1) withdraws from the institution or fails to regularly attend the classes;

(2) is removed or prohibited from attending the institution;

(3) fails to comply with one or more terms of the assistance agreement, including but not limited to, additional terms concerning termination and repayment of assistance; or

(4) is terminated by the board during the duration of the assistance agreement.

(d) Any employee who has received assistance under this program shall repay the entire amount of the assistance received if the employee voluntarily leaves the board's employ within six months of concluding an educational program for which assistance was granted.

1 CHAPTER 507 EMPLOYEES OF THE BOARD  
2 RULE §507.9 Sick Leave Pool and Family Leave Pool  
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4 (a) A sick leave pool is established to help alleviate hardship caused to an employee  
5 and employee's immediate family if a catastrophic illness or injury forces the employee  
6 to exhaust all accrued paid leave time earned by that employee and to lose  
7 compensation from the state.

8 (b) A family leave pool is established to help alleviate hardship caused to an employee  
9 and employee's immediate family if they are caring for a seriously ill family member or  
10 the employee, including pandemic-related illnesses or complications caused by a  
11 pandemic or are bonding with and caring for children during a child's first year following  
12 birth, adoption, or foster placement which forces the employee to exhaust all accrued  
13 paid leave time earned by that employee and to lose compensation from the state.

14 (c) The executive director is designated as the pool administrator to both pools.

15 (d) The executive director will establish operating procedures and forms for the  
16 administration of this section for inclusion in the agency's personnel policies and  
17 procedures manual.

18 (e) Operation of both pools shall be consistent with Tex. Gov't Code, Chapter 661, as  
19 amended.



**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

- C. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 509 – Rulemaking Procedures* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:** The staff recommends revising *Rule 509.2* to recognize that the Board may adopt a rule without prior notice in an emergency and the rule will be effective for no more than 120 days and may be extended for up to 60 more days.

**RECOMMENDATION:** The staff recommends that the Rules 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 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 509 RULEMAKING PROCEDURES  
2 RULE §509.2 Emergency Rulemaking  
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4 If a state or federal law so requires the board to do so or if there is an imminent peril to  
5 the public health, safety or welfare, the board may adopt, revise, or repeal board rules  
6 pursuant to §2001.034 of the Texas Government Code **without prior notice. The**  
7 **emergency rule may be effective for no longer than 120 days and may be renewed**  
8 **once for up to 60 days.**

1 CHAPTER 509 RULEMAKING PROCEDURES  
2 RULE §509.3 Invalid Portions  
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4 If any subcategory, section, subsection, sentence, clause, or phrase of these sections is  
5 for any reason held invalid, such decision shall not affect the validity of the remaining  
6 portions of these sections. The board hereby declares that it would have adopted these  
7 subcategories, sections, subsections, sentences, clauses, or phrases thereof  
8 irrespective of the fact that any one or more of the subcategories, sections, subsections,  
9 sentences, clauses, or phrases be declared invalid.

1 CHAPTER 509 RULEMAKING PROCEDURES  
2 RULE §509.4 Effective Date  
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4 The board rules shall govern all matters initiated after they take effect; and shall also  
5 govern all matters pending on the effective date, except to the extent that the board  
6 shall determine that application to a particular matter would not be feasible or would  
7 work a substantial injustice, in which event the procedure in effect prior to the effective  
8 date of these sections applies.

1 CHAPTER 509 RULEMAKING PROCEDURES  
2 RULE §509.5 Rules, Identification and Format  
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4 The board reserves the right to revise the format of these sections whether to comply  
5 with statutory requirements or to facilitate the distribution of easily readable rules.

1 CHAPTER 509 RULEMAKING PROCEDURES  
2 RULE §509.6 Rulemaking Procedures  
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4 (a) Notice of a proposed new rule or amendment of any existing rule shall be made in  
5 accordance with the provisions of §2001.023 and §2001.024 of the Administrative  
6 Procedure Act.

7 (b) A request for a public hearing to provide comments on a proposed new rule or  
8 amendment to an existing rule must be received in the offices of the board no later than  
9 5:00 p.m. of the thirtieth calendar day prior to the board meeting scheduled to consider  
10 the adoption of the proposed rule unless the board announces a different filing date.

11 (c) A person wishing to testify at a public hearing to provide comments on a proposed  
12 new rule or amendment to an existing rule must file a written copy of the proposed  
13 testimony in the offices of the board by no later than 5:00 p.m. of the fifth calendar day  
14 prior to the public hearing unless the board announces a different filing date.

15 (d) The board's policy is to promote a public rulemaking process but the board may  
16 employ negotiated rulemaking pursuant to the Negotiated Rulemaking Act when  
17 appropriate.

18 (e) The executive director shall designate a board employee as the board's negotiated  
19 rulemaking director to implement the provisions of the Negotiated Rulemaking Act,  
20 Chapter 2008 of the Texas Government Code, and perform the following functions:

21 (1) maintain necessary agency records of negotiated rulemaking procedures while  
22 maintaining the confidentiality of participants;

23 (2) establish a method of choosing conveners and facilitators as defined by the  
24 Negotiated Rulemaking Act, Chapter 2008 of the Texas Government Code;

25 (3) establish a method of convening negotiated rules committees;

26 (4) provide information about the negotiated rulemaking process to agency employees,  
27 potential users, and users of the negotiated rulemaking program;

28 (5) arrange training or education necessary to implement the negotiated rulemaking  
29 process; and

30 (6) establish a system to evaluate the negotiated rulemaking program, conveners,  
31 facilitators, and committees.

1 (f) The board or the rules committee may request the negotiated rulemaking director to  
2 institute negotiated rulemaking proceedings on a specified subject. Upon receipt of such  
3 a request, the negotiated rulemaking director shall institute the negotiated rulemaking  
4 process pursuant to Chapter 2008 of the Texas Government Code.

**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

- D. Discussion, consideration, and possible action concerning the Rule Review of *Chapter 527 – Peer Review* of the Board's *Rules* pursuant to *Section 2001.039* of the *Texas Government Code*.

**DISCUSSION:**

The staff is proposing to eliminate the requirement that the Peer Review Oversight Board attend all Peer Review Report Committee meetings, clarify that there is only one enrollment reporting deadline for new as well as established firms, recognizing that the firm is ultimately responsible for reporting to the Board the documents provided to the Facilitated State Board Access (FSBA), require any additional documents from or to the firm's administering entity related to the firm's peer review, require a copy of any report resulting from any inspection by the PCAOB firm inspection, require a firm that does not grant access to the board in FSBA to complete the board's Peer Review Compliance Reporting and that failure to satisfy peer review requirements could subject the firm to disciplinary action.

**RECOMMENDATION:** The staff recommends that the Rules 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 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 527 PEER REVIEW  
2 RULE §527.1 Establishment of Peer Review Program  
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4 (a) Pursuant to §901.159 of the Act (relating to Peer Review), the board establishes a  
5 peer review program to monitor CPAs' compliance with applicable accounting, auditing  
6 and other attestation standards adopted by generally recognized standard-setting  
7 bodies. The program may include education, remediation, disciplinary sanctions or other  
8 corrective action where attest services do ~~reporting does~~ not comply with professional  
9 or regulatory standards.

10 (b) This chapter shall not require any firm to become a member of any sponsoring  
11 organization and all sponsoring organization(s) shall charge the same administrative fee  
12 to all firms participating in peer review regardless of their membership or affiliation with  
13 a sponsoring organization.

CHAPTER 527 PEER REVIEW  
RULE §527.2 Definitions

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The following words and terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise.

(1) "Engagement Review" means a peer review evaluating engagements performed and reported on in conformity with applicable professional standards in all material respects and unless agreed to otherwise is performed off-site from the reviewed firm's office and does not provide a basis for expressing any assurance regarding the firm's system of quality management ~~quality control~~ for its accounting practice.

(2) "Systems Review" means a peer review designed to provide a peer reviewer with a reasonable basis for expressing an opinion on whether, during the year under review:

(A) the reviewed firm's system of quality management ~~quality control~~ for its accounting and auditing practice has been designed in accordance with quality management ~~quality control~~ standards; and

(B) the reviewed firm's quality management ~~quality control~~ policies and procedures were being complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects.

(3) "Review Year" means the one-year (12-month) period covered by the peer review. Financial statement engagements selected for review normally would have periods ending during the year under review. Engagements related to financial forecasts or projections, or agreed upon procedures engagements, with report dates during the year under review would also be subject to selection for review.

(4) "Sponsoring organization" means an entity that meets the standards specified by the board for administering the review. The board shall periodically publish a list of sponsoring organizations, which have been approved by the board.

(5) "Firm inspection program" means the process of firm inspection administered by the PCAOB.

(6) "Rating" of a peer review refers to the type of report issued. The three types of reports are pass, pass with deficiencies, or fail. The peer review rating is clearly

1 indicated in the peer review report. A peer review report with a rating of pass with  
2 deficiencies or fail is considered a deficient review.

3 (7) "Assigned review date" is the reporting due date to the board of an accepted peer  
4 review report.

5 (8) "Acceptance date" of a peer review is the date that the sponsoring organization's  
6 peer review report committee (PRRC), referred to in §527.9(a)(1) of this chapter  
7 (relating to Procedures for a Sponsoring Organization), is presented the peer review  
8 report on a review with the rating of pass and the PRRC approves the review. The  
9 acceptance date and in this case the completion date of the peer review are the same  
10 date and is noted in a letter from the administering entity to the reviewed firm. The  
11 PRRC will be presented with the peer review report and the firm's letter of response on  
12 reviews with a rating of pass with deficiencies or fail. Ordinarily, the PRRC will require  
13 the reviewed firm to take corrective action(s) and those actions will be communicated in  
14 a letter to the firm from the administering entity. In this circumstance, the "acceptance  
15 date" is defined as the date that the reviewed firm signs the letter from the administering  
16 entity agreeing to perform the required corrective action(s).

17 (9) "Completion date" of a peer review is the date that the sponsoring organization's  
18 PRRC, referred to in §527.9(a)(1) of this chapter, is presented the corrective action and  
19 the committee decides that the reviewed firm has performed the agreed-to corrective  
20 action(s) to the committee's satisfaction and the committee requires no additional  
21 corrective action(s) by the firm. The date is noted in a final letter from the administering  
22 entity to the reviewed firm.

23 (10) "AICPA Public File" is the file for firms that are members of AICPA's Employee  
24 Benefit Plan Audit Quality Center, Governmental Audit Quality Center, Private  
25 Companies Practice Section, or other firms that voluntarily post their review information  
26 to this public file on AICPA's web site as a membership requirement. Information in the  
27 public file includes the firm's most recently accepted peer review report and the firm's  
28 response thereto, if any.

29 (11) "Facilitated State Board Access (FSBA)" is a secure website accessible only to the  
30 state board that provides the most recently accepted peer review report, the firm's letter

- 1 of response (LOR), the corrective action letter (CAL), and the final letter of acceptance
- 2 (FLOA).

1 CHAPTER 527 PEER REVIEW  
2 RULE §527.3 Standards for Peer Reviews and Sponsoring Organizations  
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4 (a) The board adopts Standards for Performing and Reporting on Peer Reviews (the  
5 Standards) promulgated by AICPA.

6 (b) Qualified sponsoring organizations shall be the AICPA, the TXCPA and state CPA  
7 societies fully involved in the administration of the AICPA Peer Review Program, and  
8 such other entities which are approved by the board.

9 (c) For firms required to be registered with and subject to inspection by the PCAOB, the  
10 board recognizes and adopts the PCAOB's inspection process and standards for  
11 reviewing practices subject to its authority, which are not included in the scope of this  
12 peer review program.

CHAPTER 527 PEER REVIEW  
RULE §527.4 Enrollment and Participation

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(a) Participation in the program is required of each firm licensed or registered with the board that performs any attest services as defined in §901.002 of the Act (relating to General Definitions) and §501.52(4), (11) and (23) of this title (relating to Definitions). A firm that performs attest services subject only to PCAOB inspection is not required to participate in the program. A firm whose highest level of service is preparation engagements under SSARS is not required to participate in the program.

(b) A firm that does not perform attest services as set out in subsection (a) of this section shall annually submit to the board a request for an ~~the~~ exemption from the peer review program ~~in writing to the board~~ with an explanation of the services offered by the firm. An exempt firm that ~~A firm which~~ begins providing attest services as set out in subsection (a) of this section shall notify the board of the change in its exemption status within 30 days ~~of the change in status, provide the board with enrollment information within 90 days of the date the services were first provided and have a peer review performed within 18 months of the date the services were first provided.~~

(c) Each firm required to participate under subsection (a) of this section shall enroll in the applicable peer review program ~~programs~~ of an approved sponsoring organization within 30 days of performing ~~from its initial licensing date or the performance of~~ services that require a review. The firm shall adopt the review due date assigned by the sponsoring organization, and must notify the board of the peer review due date within 30 days of its assignment. In addition, a firm's subsequent peer review is due three years and six months after the year end of the previous peer review, or earlier as may be required by the sponsoring organization, a committee of the board or the board's executive director. It is the responsibility of the firm to anticipate its needs for peer review services in sufficient time to enable the reviewer to complete the peer review by the assigned review due date.

(d) In the event that a firm is merged, otherwise combined, dissolved, or separated, the sponsoring organization shall determine which firm is considered the successor firm. The successor firm shall retain its peer review status and the review due date.

1 (e) The board will accept extensions granted by the sponsoring organization to  
2 complete a review, provided the board is notified by the firm within 15 days of the date  
3 that an extension is granted.

4 (f) A firm that has been rejected by a sponsoring organization for any reason must make  
5 a request in writing to the board for authorization to enroll in a program of another  
6 sponsoring organization. Such request shall be made within 30 days of notification by  
7 the sponsoring organization.

8 (g) A firm choosing to change to another sponsoring organization may do so provided  
9 that the firm authorizes the previous sponsoring organization to communicate to the  
10 succeeding sponsoring organization any outstanding corrective actions related to the  
11 firm's most recent review. Any outstanding actions must be cleared and outstanding  
12 fees paid prior to transfer between sponsoring organizations.

13 (h) An out-of-state firm practicing in this state pursuant to a practice privilege provided  
14 for in §901.461 of the Act (relating to Practice by Certain Out-of-State Firms) and  
15 §517.1 and §517.2 of this title (relating to Practice by Certain Out of State Firms and  
16 Practice by Certain Out of State Individuals) must comply with the peer review program  
17 of the state in which the firm is licensed.

18 (i) An out-of-state firm practicing in this state pursuant to a practice privilege from a  
19 state without a peer review program must comply with §901.159 of the Act (relating to  
20 Peer Review) and Chapter 517 of this title (relating to Practice by Certain Out-of-State  
21 Firms and Individuals).

22 (j) An out-of-state firm practicing in this state pursuant to a practice privilege must  
23 submit its peer review (or equivalent) documentation upon request of the board.

24 **(k) Failure to satisfy peer review requirements may subject the firm to disciplinary**  
25 **action as well as administrative penalties and costs under §519.9 of this title**  
26 **(relating to Administrative Penalty Guidelines).**

27 **(l) (k)** Interpretive Comment. If a firm is subject to inspections pursuant to PCAOB and  
28 also performs attest work not subject to such inspections, the firm must enroll in a peer  
29 review program for review of its non-public company attest work in addition to the firm  
30 inspection program required by the PCAOB.

CHAPTER 527                      PEER REVIEW  
RULE §527.5                      Deficient Reviews

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(a) The board at its sole discretion may require a firm which has received a rating of pass with deficiencies or fail to have an accelerated peer review or subject it to any other disciplinary or corrective action under the Act.

(b) A firm, including a successor firm, which receives two consecutive reviews on a system or engagement review with ratings of either pass with deficiencies or fail in any order, or two pass with deficiencies shall be required to have an accelerated review. If that accelerated review results in a rating of pass with deficiencies or fail:

(1) the firm may complete attest engagements for which field work has already begun only if:

(A) prior to issuance of any report, the engagement is reviewed and approved by a third-party reviewer acceptable to the chairman of the Technical Standards Review Committee or the Peer Review Committee; and

(B) the engagement is completed within 60 days of the acceptance of the peer review report and LOR by the sponsoring organization; and

(2) the firm shall not perform any other attest services until given permission by the board and if approved by the Board may do so only under the supervision of a third-party reviewer approved by the chair of the Technical Standards Review Committee or Peer Review Committee; and

(3) the firm may only perform an attest service not under the supervision of a third-party reviewer following the recommendation of the Technical Standards Review Committee or the Peer Review Committee with the board's approval.

(c) A firm, including a successor firm, which receives two consecutive reviews with a rating of fail on a system or engagement review shall not perform any other attest services until given permission by the board to resume this practice. The firm may complete attest engagements for which field work has already begun only if:

(1) prior to issuance of any report, the engagement is reviewed and approved by a third party reviewer acceptable to the chairman of the Technical Standards Review Committee or the Peer Review Committee; and



- 1 (2) the engagement is completed within 60 days of the acceptance of the peer review
- 2 report and LOR by the sponsoring organization; and
- 3 (3) if approved by the Board, the firm may perform attest services under the supervision
- 4 of a third-party reviewer approved by the chair of the Technical Standards Review
- 5 Committee or Peer Review Committee; and
- 6 (4) the firm may only perform an attest service not under the supervision of a third-party
- 7 reviewer following the recommendation of the Technical Standards Review Committee
- 8 or the Peer Review Committee with the board's approval.
- 9 (d) A firm may petition the board in writing for a waiver from the provisions of this rule.

CHAPTER 527 PEER REVIEW  
RULE §527.6 Reporting to the Board

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(a) A firm must submit to the board:

(1) a copy of the peer review report and the FLOA from the sponsoring organization, if such report has a rating of pass;

(2) a copy of the peer review report, the firm's LOR, the CAL, and FLOA if the report has a rating of pass with deficiencies or fail; ~~or~~

**(3) any additional documents from or to the firm's administering entity related to the firm's peer review, including a letter of enrollment or reenrollment, a representation made by the firm to the administering entity representing that it has not performed attest engagements, identification of due dates for peer reviews and corrective action(s), a corrective action extension letter, the date the peer review was scheduled, and the estimated dates of the peer review commencement and presentation to a report acceptance body; or a copy of any final report resulting from any inspection by the PCAOB firm inspection program together with documentation of any significant deficiencies and findings and the firm's response.**

**(4) ~~(3)~~ a copy of any report resulting from any inspection by the PCAOB firm inspection program together with documentation of any significant deficiencies and findings and the firm's response.**

(b) Any report or document submitted to the board under this section is confidential pursuant to the Act.

(c) Any report or document (collectively referred to as "documents") required to be submitted under subsection (a) of this section shall be filed with the board as provided below:

(1) Peer review documents will be made available by the **reviewed firm granting access to the board in FSBA. A firm that does not grant access to the board in FSBA must complete the board's Peer Review Compliance Reporting form within 30 days of receiving any document under subsection (a) of this section and submit it to the board along with the required documents.** ~~TXCPA for firms enrolled in the AICPA and TXCPA Peer Review Programs and administered by the TXCPA.~~

1 Peer review documents will be made available by the TXCPA by posting such  
2 documents within 30 days of issuing its notice of acceptance to such firms on the FSBA  
3 web site. The reviewed firm must, within 10 days of receipt of the notice of completion  
4 from the TXCPA, complete the board's Peer Review Compliance Reporting form and  
5 submit it to the board along with the required documents.

6 ~~(2) Firms otherwise enrolled in the AICPA peer review program (including those whose~~  
7 ~~peer reviews are administered by the NPRC, and state CPA societies fully involved in~~  
8 ~~the administration of the AICPA Peer Review Program) must, within 10 days of receipt~~  
9 ~~of the notice of completion from the sponsoring organization, complete the board's Peer~~  
10 ~~Review Compliance Reporting form and submit it to the board along with the required~~  
11 ~~documents. However, this requirement may be met by allowing the firm's peer review~~  
12 ~~documents to be posted on the FSBA web site, with access granted to the board within~~  
13 ~~30 days of issuing its notice of acceptance to such firms on the FSBA web site.~~

14 (2) ~~(3)~~ Firms subject to the PCAOB permanent firm inspection program must, within 10  
15 days of receipt of the notice of completion from the PCAOB, complete the board's Peer  
16 Review Compliance Reporting form and submit it to the board along with the required  
17 documents.

18 (d) The information required under subsection (c) of this section must be filed with the  
19 board either by mail or electronically such as by fax, email, or FSBA web site.

1 CHAPTER 527 PEER REVIEW  
2 RULE §527.7 Peer Review Oversight Board  
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4 (a) The board shall retain the Peer Review Oversight Board (PROB) for the purpose of:

5 (1) monitoring sponsoring organizations to provide reasonable assurance that peer  
6 reviews are being conducted and reported in accordance with the Standards

7 promulgated by the AICPA Peer Review Board;

8 (2) reviewing the policies and procedures of sponsoring organization applicants as to  
9 their conformity with the peer review standards; and

10 (3) reporting to the board on the conclusions and recommendations reached as a result  
11 of performing the functions in paragraphs (1) and (2) of this subsection.

12 (b) Information concerning a specific firm or reviewer obtained by the PROB during  
13 oversight activities shall be confidential, and the firm's or reviewer's identity shall not be  
14 reported to the board. Reports submitted to the board will not contain information  
15 concerning specific firms or reviewers. Members of the PROB will be required to  
16 execute a confidentiality statement for the sponsoring organization which they oversee.

17 (c) The PROB shall consist of active licensed Texas CPAs in a number sufficient to  
18 meet the objectives of this section as determined by the board. No member of the  
19 PROB shall be a current member of the board or one of its committees, the TXCPA's  
20 Peer Review or Professional Conduct Committee, or the AICPA Professional Ethics  
21 Executive Committees or Peer Review Board (including subcommittees). The members  
22 should have extensive experience in accounting and auditing and in the practice of  
23 public accountancy at the partner (or equivalent) level within the past five years. If a  
24 member is associated with a firm subject to peer review, the member's firm must have  
25 received a report with a rating of pass from its last peer review. Compensation of PROB  
26 members shall be set by the board.

27 (d) The PROB shall make an annual recommendation to the board as to the  
28 qualifications of an approved sponsoring organization to continue as an approved  
29 sponsoring organization on the basis of the results of the following procedures:

30 (1) Where the sponsoring organization is the AICPA/NPRC, state CPA societies other  
31 than Texas that are fully involved in the administering AICPA Peer Review Program,

PROB shall review the published oversight reports of those entities or successors, to determine that there is an acceptable level of oversight;

(2) Where the sponsoring organization is other than those listed in paragraph (1) of this subsection, PROB shall perform the following functions:

(A) **The Peer Review Committee members will determine which and how many Report Acceptance Bodies meetings and PRRC meetings the PROB members will attend each year in order to assure that the peer review program is meeting its objectives.** ~~At least one member of the PROB shall attend all meetings of each~~

~~sponsoring organization's PRRC.~~ Certain PRRC meetings may be conducted via telephone or video conference. In those instances, the PROB may join the conference **via telephone or video conference call.**

(B) During such visits, the PROB shall:

(i) meet with the organization's peer review committee during the committee's consideration of peer review documents;

(ii) evaluate the organization's procedures for administering the peer review program;

(iii) examine, on the basis of a random selection or other criteria adopted by PROB, a number of reviews performed by the organization to include, at a minimum, a review of the report on the peer review, the firm's response to the matters discussed, the sponsoring organization's FLOA outlining any additional corrective or monitoring procedures, and the required technical documentation maintained by the sponsoring organization on the selected reviews; and

(iv) expand the examination of peer review documents if significant deficiencies, problems, or inconsistencies are encountered during the analysis of the materials.

(e) In the evaluation of policies and procedures of sponsoring organization applicants, the PROB shall:

(1) examine the policies as drafted by the applicant to determine that they will provide reasonable assurance of conforming with the standards for peer reviews;

(2) evaluate the procedures proposed by the applicant to determine that:

(A) assigned reviewers are appropriately qualified to perform the review for the specific firm;

(B) reviewers are provided with appropriate materials;

1 (C) the applicant has provided for consulting with the reviewers on problems arising  
2 during the review and that specified occurrences requiring consultation are outlined;  
3 (D) the applicant has provided for the assessment of the results of the review; and  
4 (E) the applicant has provided for an independent report acceptance body that  
5 considers and accepts the reports of the review and requires corrective actions by firms  
6 with significant deficiencies;  
7 (3) make recommendations to the board as to approval of the applicant as a sponsoring  
8 organization.  
9 (f) Annually the PROB shall provide the board's Peer Review Committee with a report  
10 on the continued reliance of sponsoring organizations' peer reviews. The PROB report  
11 shall provide reasonable assurance that peer reviews are being conducted and reported  
12 on consistently and in accordance with the Standards promulgated by the AICPA Peer  
13 Review Board. A summary of oversight visits shall be included with the annual report.

CHAPTER 527 PEER REVIEW  
RULE §527.8 Retention of Documents

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(a) Each reviewer shall maintain all documentation necessary to establish that each review conformed to the review standards of the relevant review program, including the review working papers, copies of the review report, and any correspondence indicating the firm's concurrence, non-concurrence, and any proposed remedial actions and any related implementation.

(b) The documents described in subsection (a) of this section shall be retained by the reviewer for a period of time corresponding to the retention period of the sponsoring organization, and upon request of the PROB, shall be made available. In no event shall the retention period be less than 120 days from the date of completion of the review by the sponsoring organization.

1 CHAPTER 527 PEER REVIEW  
2 RULE §527.9 Procedures for a Sponsoring Organization  
3

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- 4 (a) To qualify as a sponsoring organization, an entity must submit a peer review  
5 administration plan to the board for review and approval by the PROB. The plan of  
6 administration must:
- 7 (1) establish a PRRC and subcommittees as needed, and provide professional staff as  
8 needed for the operation of the peer review program;
  - 9 (2) establish a program to communicate to firms participating in the peer review  
10 program the latest developments in peer review standards and the most common  
11 findings in the peer reviews conducted by the sponsoring organization;
  - 12 (3) establish procedures for resolving any disagreement which may arise out of the  
13 performance of a peer review;
  - 14 (4) establish procedures to resolve matters which may lead to the dismissal of a firm  
15 from the peer review program, and conduct hearings pursuant to those procedures;
  - 16 (5) establish procedures to evaluate and document the performance of each reviewer,  
17 and conduct hearings, which may lead to the disqualification of a reviewer who does not  
18 meet the AICPA standards;
  - 19 (6) require the maintenance of records of peer reviews conducted under the program in  
20 accordance with the records retention rules of the AICPA; and
  - 21 (7) provide for periodic reports to the PROB on the results of the peer review program.
- 22 (b) A sponsoring organization is subject to review by the board and the PROB.



CHAPTER 527 PEER REVIEW  
RULE §527.10 Peer Review Report Committee

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A PRRC is comprised of CPAs practicing public accountancy and formed by a sponsoring organization for the purpose of accepting peer review reports submitted by firms on peer review engagements.

(1) Each member of a PRRC must be active in the practice of public accountancy at a supervisory level in the assurance or auditing function while serving on the committee. The member's firm must be enrolled in an approved practice-monitoring program and have received a report with a rating of pass on its most recently completed peer review. A majority of the committee members must satisfy the qualifications required of system peer review team captains as established and reported in the AICPA Standards.

(2) Each member of a PRRC must be approved for appointment by the governing body of the sponsoring organization.

(3) In determining the size of a PRRC, the requirement for broad industry experience, and the likelihood of some members needing to recuse themselves during the consideration of some reviews as a result of the members' close association to the firm or because they performed the review, shall be considered.

(4) No more than one PRRC member may be from the same firm.

(5) The PRRC members' terms shall be staggered to provide for continuity.

(6) A PRRC member may not concurrently serve as:

(A) a member of any state's board of accountancy; or

(B) a member of any state's CPA society's ethics committee.

(7) A PRRC member may not participate in any discussion or have any vote with respect to a reviewed firm when the committee member lacks independence as defined in §501.70 of this title (relating to Independence) or has a conflict of interest. Examples of conflicts of interest include, but are not limited to:

(A) the member's firm has performed the most recent peer review of the reviewed firm's accounting and auditing practice;

(B) the member served on the review team, which performed the current or the immediately preceding review of the enrolled firm; or

(C) the member believes he cannot be impartial or objective.

- 1 (8) Each PRRC member must comply with the confidentiality requirements of §901.161  
2 of the Act (relating to Privilege for Certain Information). The sponsoring organization  
3 may annually require its PRRC members to sign a statement acknowledging their  
4 appointments and the responsibilities and obligations of their appointments.
- 5 (9) A PRRC decision to accept a report must be made by not fewer than three members  
6 who satisfy the above criteria.

CHAPTER 527 PEER REVIEW  
RULE §527.11 Responsibilities of Peer Review Report Committee

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The PRRC shall:

- (1) establish and administer the sponsoring organization's peer review program in accordance with the AICPA Standards;
- (2) prescribe actions designed to assure correction of the deficiencies in the reviewed firm's system of quality control policies and procedures;
- (3) monitor the prescribed remedial and corrective actions to determine compliance by the reviewed firm;
- (4) resolve instances in which there is a lack of cooperation and agreement between the committee and review teams or reviewed firms in accordance with the sponsoring organization's adjudication process;
- (5) act upon requests from firms for changes in the timetable of their reviews;
- (6) appoint members to subcommittees and task forces as necessary to carry out its functions;
- (7) establish and perform procedures providing reasonable assurance that reviews are performed and reported on in accordance with the AICPA Standards for Performing and Reporting on Peer Reviews;
- (8) establish a report acceptance process, which facilitates the exchange of viewpoints among committee members;
- (9) communicate to the governing body of the sponsoring organization on a recurring basis:
  - (A) problems experienced by the enrolled firms in their systems of quality control as noted in the peer reviews conducted by the sponsoring organization;
  - (B) problems experienced in the implementation of the peer review program; and
  - (C) a summary of the historical results of the peer review program.

CHAPTER 527 PEER REVIEW  
RULE §527.12 Engagement Reviews and System Reviews

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(a) In order to balance the public's risk with the public's protection, the board is requiring peer review of firms providing financial reporting services. In implementing the peer review program, the board will consider the level of risk to the public of various attest services and require different levels of peer review based on those risks. Those firms that provide limited financial statement services can elect to perform non-attest preparation engagements under SSARS which do not require peer review.

(b) A firm whose only level of financial reporting is preparation engagements under SSARS must request on its annual license renewal an exemption from peer review.

(c) A firm that performs the following is subject to Engagement Peer Review.

(1) Compilations with disclosures or omitting substantially all disclosures and/or reviews of financial statements performed in accordance with SSARS. If the firm performs both an attest service and a preparation engagement(s), then the preparation engagement(s) is also subject to review and could be selected for peer review.

(2) Reviews and/or agreed-upon procedures engagements performed in accordance with SSAEs, or alternate wording engagements performed under the SSAEs, other than examinations.

(d) A firm that performs the following is subject to a System Peer Review.

(1) Engagements performed in accordance with SAS;

(2) Engagements performed in accordance with Government Auditing Standards (GAS);

(3) Examination engagements performed in accordance with SSAEs;

(4) Audits of non-SEC issuers performed in accordance with PCAOB standards; or

(5) Attestation of non-SEC issuers performed in accordance with PCAOB standards.

**Agenda Item V**  
**Rules Committee Agenda**  
**May 14, 2025**  
**1:30 p.m.**

E. Schedule next meeting.

## Agenda Item VI.

### Qualifications Committee Agenda

May 14, 2025

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

**DISCUSSION:** Due to the progression of SB 262, it is anticipated that the legislation will be effective on August 1, 2026, which allows time for the implementation of Board *Rules* to effectuate the law. The passage of SB 262 provides an additional pathway to certification as a Texas CPA. Current CPA Exam applicants may be testing under the following statutory education requirements:

1. *2001 Act* – baccalaureate or higher degree, 150 semester hours of college credit, including an accounting concentration, as determined by Board *Rule*, and one year of full-time non-routine accounting work experience under a CPA's supervision, as determined by Board *Rule*.

Education requirements defined in Board *Rules*:

At least 30 semester hours of upper-level accounting coursework  
At least 24 semester hours of upper-level business coursework  
Three semester hours of Board-recognized ethics coursework

2. *2023 Act* – baccalaureate or higher degree, 150 semester hours of college credit, including at least 24 semester hours of accounting or equivalent courses as determined by Board *Rule*, and one year of full-time non-routine accounting work experience acceptable to the Board.

Education requirements defined in Board *Rules* to take the CPA Exam:

Baccalaureate or higher degree  
120 semester hours of higher education coursework  
At least 21 semester hours of upper-level accounting coursework  
At least 24 semester hours of upper-level business coursework

Education requirements defined in Board *Rules* for CPA certification:

Total of 27 semester hours of upper-level accounting coursework  
At least 24 semester hours of upper-level business coursework  
Three semester hours of Board-recognized ethics coursework

The new pathway, defined in the *2023 Act*, as amended in 2025 and effective August 1, 2026, establishes the following education and work experience requirements for CPA certification:

- Baccalaureate degree
- Accounting concentration, as determined by Board *Rule*
- Two years of full-time non-routine accounting work experience under a CPA's supervision, as determined by Board *Rule*.

As the Qualifications Committee considers and develops Board *Rules* to implement the new pathway, staff suggest that the current *Rules* for accounting and business coursework be considered.

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

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

## **Agenda Item VI.**

### **Qualifications Committee Agenda**

**May 14, 2025**

#### **B. Report on the CPA Exam Applicant Survey.**

**DISCUSSION:** A CPA Exam candidate survey was developed and sent to 3155 individuals who had completed one to three sections of the exam. The survey focuses on the following areas:

- Preparation for the Exam
- Strategies used for Selecting Exam Sections
- Personal and Professional Obstacles Encountered
- Identified Educational Deficiencies

The survey results may offer the Board insights into the type of assistance that is needed to assist CPA Exam candidates who are attempting to complete the exam and become Texas CPAs.

The survey will close on May 1, 2025, to allow time for analysis. Results to be provided.

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

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



## **Agenda Item VI.**

### **Qualifications Committee Agenda**

**May 14, 2025**

- C. Discussion, consideration, and possible action concerning applicants with CPA Exam credits involving outreach to colleges and universities, study groups, professional organizations, and other resources. (Tabled at the March 2025 meeting)

**DISCUSSION:** A recent analysis of the Board's records reflects that 3,155 applicants have earned one to three credits on the CPA Exam. 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.

What efforts may be considered by the Board, colleges and universities, study groups, and professional organizations to offer guidance and assistance to candidates on completing the CPA exam? The CPA pipeline may improve through Board-initiated actions and the efforts of other groups and organizations. 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, and 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 available prep courses
- 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
- Online 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 a Discipline subject
- Low or no cost to applicants
- Online 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 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 VI.

### Qualifications Committee Agenda

May 14, 2025

- D. Discussion, consideration, and possible action on the Applicant Reassessment Program involving outreach to colleges and universities, study groups, professional organizations, and other resources. (Tabled at the March 2025 meeting)

**DISCUSSION:** A statistical analysis of the Applicant Reassessment Program was conducted on April 9, 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. 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. Applicants requesting credit reinstatement were asked to provide documentation of an extreme hardship occurrence that resulted in the loss of CPA Exam credit.

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

55 applicants are now Texas CPAs

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

59 applicants completed three sections of the exam

52 applicants completed two sections of the exam

35 applicants completed one section of the exam

**32.7%** - passed all sections of the CPA exam and are certified or awaiting certification (71 applicants).

Unless the 146 applicants who have not passed all sections of the exam are successful by June 30, 2025, the credits that were reinstated will expire. Applicants were informed that, through Board *Rule 511.80*, the Executive Director may consider CPA Exam credit extensions due to unforeseen and uncontrollable events, including, but are not limited to, the health of the applicant, accidents limiting the applicant, military service, natural disasters, or acts of God.

**RECOMMENDATION:** Committee guidance is requested.

**SUGGESTED MOTION:** Committee guidance is requested.

## **Agenda Item VI.**

### **Qualifications Committee Agenda**

**May 14, 2025**

- E. Discussion, consideration, and possible action on hosting a webinar for Texas CPA Exam applicants and accounting educators.

**DISCUSSION:** The committee is asked to consider hosting a webinar to offer information to CPA Exam applicants and accounting educators and obtain information about potential changes to the following areas related to the CPA exam.

- CPA Exam Applicant Survey Results
- Pathways to become a Texas CPA
- Education requirements under consideration by the Qualifications Committee for the Board
- Research Project

**RECOMMENDATION:** Committee guidance is requested.

**SUGGESTED MOTION:** Committee guidance is requested.

## Agenda Item VI.

### Qualifications Committee Agenda

May 14, 2025

- F. Discussion, consideration, and possible action on a Statement of Work for a Research Project: *Investigation of Exam Performance in Texas Accounting Programs: In Search of a Repeatable Model.*

**DISCUSSION:** A recent research project conducted by Charles R. Thomas, Jr., Judd Leach, and Laura Gordey (2024) analyzed exam performance of Texas CPA candidates from Texas educational institutions over a twenty-year period and found that for individual institutions, the performance characteristics of their graduates remained relatively static over the twenty-year period. Dr. Thomas' investigation uncovered some patterns; however, research did not further explore other potential causes for the differences among the success of the subject programs.

- Why do graduates of some programs consistently perform better on average?
- Why do graduates of other programs consistently underperform?
- Why is there very little change in the pass rate on CPA Exams of a particular accounting program?

The goal of the research is to investigate one or more potential theories why the subject population of education institutions (84 Texas colleges and universities) over the period (2004 – 2023) is more or less successful in preparing candidates for the CPA Exam. The data and insights gained from this research to be used for informed decision making and to give guidance to stakeholders.

**RECOMMENDATION:** Committee guidance is requested.

**SUGGESTED MOTION:** Committee guidance is requested.

April 17, 2025

Renee Foshee [reneefoshee@outlook.com](mailto:reneefoshee@outlook.com)

Draft Research Proposal

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

Hi Bill and Donna,

Here is the draft research proposal that we discussed. I have been looking at prior research for a starting point and have included a partial bibliography on the draft. There are many more articles, but my thought was more to provide a flavor than to provide an exhaustive list. A lot of research in this area is focused on a limited amount of data for a particular institution for which the researcher has access to the data. My thought is that someone could use ideas and discoveries from the existing research and apply those ideas to a broader group: Texas schools for which there are years of data and lots of comparisons among the group.

I think that the big hurdle for researchers will be gathering more data. That said, I think that using new tools (computer bots and artificial intelligence), as well as research assistance, the data gathering may be made manageable.

I figure that one objection for the researchers might be that individualized data is not available. The data has a lot of noise because it is made up of large numbers of candidates who have self-reported their academic institutions. Even so, the large numbers show patterns. The researcher will have to gather the information to try to draw some inferences as to factors that are driving those patterns.

Let me know if you have additional questions.

Thanks,

Renee

# Statement of Work: Investigation of Exam Performance in Texas Accounting Programs – Toward a Repeatable Model

## **Project Title:**

Investigation of Exam Performance in Texas Accounting Programs: In Search of a Repeatable Model

## **Originator:**

Texas State Board of Public Accountancy

## **Introduction**

This research project seeks to analyze and explain the persistent disparities in CPA exam performance among graduates of Texas accounting programs. Despite the consistent performance patterns observed over two decades, the underlying causes for these variances remain insufficiently explored. The project builds on prior work by Dr. Charles R. Thomas, Jr., Judd Leach, and Laura Gordey (2024), which found that CPA exam outcomes for individual Texas institutions have remained relatively static over a twenty-year period.

## **Purpose and Objectives**

### **Problem Statement:**

Significant differences exist in CPA exam pass rates among Texas accounting programs. Some institutions consistently produce graduates who excel on the CPA exam, while others see lower success rates. Prior research has identified patterns in exam attempts and sequencing among candidates from 84 Texas colleges and universities, but the root causes behind these performance gaps have not been fully investigated. This project aims to identify factors within the control of accounting programs that may explain these differences and to determine whether a repeatable model for exam success can be established.

### **Key Research Questions:**

- What institutional or programmatic characteristics contribute to consistently high or low CPA exam pass rates among Texas accounting programs?
- Why do some programs show little change in exam performance over time, regardless of broader educational or professional trends?



- Are there actionable factors, evident in 20 years of data from 84 universities, that could inform a repeatable model for improving CPA exam outcomes?

### **Potential Factors to Investigate:**

- Course sequencing and curriculum design, including the integration of critical thinking, study skills, and CPA review courses
- Faculty qualifications, such as the proportion of full-time faculty with professional credentials
- Entry requirements for business or accounting programs
- Program resources and support structures
- Compliance with educational requirements for CPA exam eligibility, including specific coursework in accounting research, analysis, and communications
- The impact of integrated professional programs and exam preparation resources, as seen in high-performing institutions like Texas A&M, UT Austin, and TCU

## **Project Goal**

The primary goal is to analyze and test potential theories explaining why some Texas accounting programs are more effective than others in preparing students for the CPA exam. The findings will be used to guide stakeholders—educators, administrators, policymakers, and students—in making informed decisions to enhance program effectiveness and student outcomes.

## **Methodology Overview**

- Analyze longitudinal CPA exam performance data for graduates from 84 Texas institutions (2004–2023).
- Compare program characteristics and resources at consistently high- and low-performing institutions, referencing established benchmarks and rankings.
- Examine the relationship between curriculum design, faculty credentials, and CPA exam outcomes.
- Identify best practices from top-performing programs, such as UT Tyler, which has maintained CPA exam pass rates above the national average for several years.

- Synthesize findings to propose a repeatable model and actionable recommendations for Texas accounting programs.

## Expected Outcomes

- Identification of controllable factors that correlate with CPA exam success.
- A framework or model that can be adopted by accounting programs seeking to improve graduate performance on the CPA exam.
- Recommendations for curriculum development, faculty hiring, student support, and resource allocation.

## Bibliography

A comprehensive list of relevant literature, including recent studies on determinants of CPA exam performance, program attributes, and institutional effects, is provided to support the research foundation.

This revised Statement of Work clarifies the project’s scope, objectives, and methodology, emphasizing the search for actionable insights and a repeatable model to enhance CPA exam performance across Texas accounting programs.

Arya Espahbodi, Espahbodi, L., Reza Espahbodi, Walker, R., & White, G. (2023). Determinants of CPA exam performance. *Journal of Accounting Education*, 64, 100859-100859.  
<https://doi.org/10.1016/j.jaccedu.2023.100859>.

Boone, J., Legoria, J., Seifert, D.L., & Stammerjohan, W.W. (2006). The associations among accounting program attributes, 150-hour status, and CPA exam pass rates. *Journal of Accounting Education*, 24(4), 202-215. <https://doi.org/10.1016/j.jaccedu.2006.08.002>.

Briggs, G. P., and L. He. 2012. The 150 credit-hour requirement and CPA examination pass rates: A four year study. *Accounting Education* 21 (1): 97–108. <https://doi.org/10.1080/09639284.2011.611345>.

Howell, C. and Heshizer, B. (n.d.). Characteristics that Assist Future Public Accountants Pass the CPA Exam on Fewer Attempts. Retrieved April 12, 2025, from <http://www.na-businesspress.com/howell2web.pdf>.

Kremin, J., & Pasewark, W. R. (2020). Research Initiatives in Accounting Education: Providing Access to Education and Obtaining Credentials. *Issues in Accounting Education*, 35(4), 47–60.  
<https://doi.org/10.2308/issues-2020-014>

Nagle, B.M., Menk, K.B., & Rau, S.E. (2018). Which accounting program characteristics contribute to CPA exam success? A study of institutional factors and graduate education. *Journal of Accounting Education*, 45, 20-31. <https://doi.org/10.1016/j.jaccedu.2018.09.003>.

Soileau, J. S., S. C. Usrey, and T. Z. Webb. 2017. Sitting requirements and the CPA exam. *Issues in Accounting Education* 32 (1): 1–15. <https://doi.org/10.2308/iace-51330>.

## **Related**

What specific factors contribute to UT Tyler's high CPA exam pass rate?

How do course sequencing and program characteristics impact CPA exam performance?

What role do faculty credentials play in the success of accounting programs?

How do entry requirements for business or accounting programs affect CPA exam outcomes?

What are the key differences in accounting program resources between top-performing and underperforming institutions?

**Agenda Item VI.**

**Qualifications Committee Agenda**

**May 14, 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 VII**  
**Report of the Peer Review Committee**  
**April 17, 2025**  
**11:00 A.M.**

The Peer Review Committee met on April 17, 2025 at 11:02 a.m. in-person and via teleconference. The following Committee members and Board staff were present for the meeting.

**Members Present:**

Kimberly D. Crawford, CPA  
Ray R. Garcia, CPA  
*Committee Chair*  
Laura Lambert, CPA  
Ben Peña, CFE, CPA  
Jeannette P. Smith, CPA  
*Ex Officio*  
Robert Goldstein, CPA  
(PROB Committee)  
Susan M. Warren, CPA  
(Rules Committee)

**Members Absent:**

Robert McAdams, CPA

**Others Present:**

Dipesh Patel, CPA

**Staff Present:**

Marissa Brooks  
J. Randel Hill, Esq.  
Brian O'Neal  
Marisa Rios  
William Treacy

The committee members represented a quorum and the following items were discussed and considered:

- A. The committee discussed the work performed by the Peer Review Oversight Board (PROB) and the number of members necessary to assure compliance with the objectives of the Peer Review Program. The committee determined that three members was an appropriate number for PROB given the critical nature of their oversight role as well as the amount of work they perform. The committee discussed a recommendation to allow flexibility in determining the number and selection of Report Acceptance Body and Peer Review Report Committee (PRRC) meetings attended by PROB members. There was discussion about the possibility of reducing the number of meetings PROB would attend, and it was suggested that a minimum of 50% coverage be considered for the next fiscal year.

**A motion was made by Ms. Smith and seconded by Mr. Peña to recommend to the Rules Committee the proposed revision to Board *Rule 527.7(d)(2)(a)* that would remove the requirement that at least one Board member attend all PRRC meetings. The motion also included the committee's intent to annually determine the number and selection of meetings attended by PROB.**

- B. The Committee considered several proposed revisions to *Chapter 527* of the Board's *Rules* regarding Peer Review that would increase clarity, update language to align with current AICPA standards, and reflect current monitoring and reporting practices.

**A motion was made by Ms. Crawford and seconded by Ms. Smith to recommend to the Rules Committee all revisions to *Chapter 527 Board Rules* as proposed and that all other unamended Rules be readopted.**

The date of the next committee meeting will be called as needed by the Committee Chair. The committee adjourned at 11:40 a.m.

<p style="text-align: center;"><b>Agenda Item VIII</b> <b>Report on Licensing Department Programs</b> <b>May 15, 2025</b></p>
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Ms. Espinoza-Riley, Licensing Committee Chair, will provide an update on the June 21, 2025 Swearing-in Ceremony as well as upcoming Licensing and CPE Committee meetings.

A. The Board will hold its next Swearing-in Ceremony on June 21, 2025 at the Palmer Events Center in Austin. The Licensing Division extended an invitation to 789 new CPAs and 289 fifty-year honorees. Board members wishing to attend and participate in the ceremony are asked to notify Mr. Treacy at their earliest convenience.

**Outstanding candidates to be recognized in June:**

**Christopher Hudson**  
KPMG LLP – Houston  
Rice University  
Master of Accountancy

**Nicolas Hernandez**  
KPMG LLP - Houston  
Texas A&M University  
Master of Science in Accounting

**Thanh Tran**  
Alvarez & Marsal Tax, LLC  
University of Houston  
Master of Science in Accountancy

**Kyle Wynne**  
Ernst & Young LLP - Dallas  
Texas A&M University  
Master of Science in Accounting

**Carson Dorsey**  
KPMG LLP - Houston  
Rice University  
Master of Accountancy

**Sarah Buckalew**  
Deloitte and Touche LLP – Dallas  
Southern Methodist University  
Bachelor of Business Administration

**Adriana Iademarco**  
Deloitte and Touche LLP - Dallas  
The University of Texas at Austin  
Master in Professional Accounting

**Maria Lillis**  
Deloitte Tax LLP - Austin  
The University of Texas Rio Grande Valley  
Master of Accountancy

**Rebecca Carroll**  
KPMG - Dallas  
University of Arkansas  
Master of Professional Accountancy

**Molly May**  
Deloitte Tax LLP - Houston  
Texas Tech University  
Master of Science in Accounting

B. The Licensing Committee is also planning to meet jointly with the CPE Committee before the Board's next meeting in July. The Committees will review Rules that fall under their scope as part of the Board's overall effort to revise, repeal or readopt all its *Rules* as required by the Texas Government Code. The Committees will also consider other matters related to CPE, including failure to comply with CPE requirements.

<p style="text-align: center;"><b>Agenda Item IX</b> <b>Behavioral Enforcement Committee Meeting</b> <b>April 29, 2025</b></p>
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The Behavioral Enforcement Committee met on April 29, 2025, by video conference and in person, at 10:00 a.m.

**Members Present**

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

**Staff Present**

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

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

- **Investigation Nos. 24-11-06L & 24-11-07L:** Respondents allegedly did not leverage the Qualified Business Deduction or Domestic Production Activities Deduction for a client. **(Board approval required)**

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

**Agenda Item X**  
**Technical Standards Review Committee**  
**March 26, 2025**

The Technical Standards Review Committee met on Wednesday, March 26, 2025, by video conference beginning at 10:00 a.m.

**Members Present**

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

**Members Absent**

**Staff Present**

John Moore, Esq.

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

- **Investigation No. 23-11-03L:** Respondent allegedly violated professional standards in its audit of an employee benefit plan. **(Board approval required)**

**B. OTHER:** The committee considered one other matter during its meeting; however, this matter does not require Board action at this time.



**Agenda Item XI**  
**Consideration of Agreed Consent Orders &**  
**Administrative Disciplinary Actions**  
**May 15, 2025**

**A. AGREED CONSENT ORDERS**

**Behavioral Enforcement Committee**

- Investigation Nos. 24-08-04L & 24-08-05L

**Technical Standards Review Committee**

1. Investigation No. 24-11-10L
2. Investigation Nos. 24-12-03L & 24-12-04L

**B. ADMINISTRATIVE DISCIPLINARY ACTIONS**

1. Investigation Nos. 24-12-10001 – 24-12-10074
2. Investigation Nos. 25-01-10001 – 25-01-10090
3. Investigation Nos. 24-12-10075 – 24-12-10241
4. Investigation Nos. 25-01-10091 – 25-01-10237
5. Investigation Nos. 24-12-10242 – 24-12-10260
6. Investigation Nos. 25-01-10238 – 25-01-10251

1. Investigation Nos. 24-12-10001 – 24-12-10074
2. Investigation Nos. 25-01-10001 – 25-01-10090

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

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

3. Investigation Nos. 24-12-10075 – 24-12-10241
4. Investigation Nos. 25-01-10091 – 25-01-10237

**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. 24-12-10242 – 24-12-10260
6. Investigation Nos. 25-01-10238 – 25-01-10251

<p style="text-align: center;"><b>Agenda Item XII</b> <b>Consideration of Adoption of Board Rules</b> <b>May 15, 2025</b></p>
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**DISCUSSION:** The rules listed below were proposed for amendment on first reading at the March 13, 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 519.2 (Definitions)*
2. *Section 519.7 (Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a Person from Receiving a License)*
3. *Section 519.9 (Administrative Penalty Guidelines)*
4. *Section 519.20 (Complaints)*
5. *Section 519.21 (Investigations)*
6. *Section 519.23 (Informal Conferences)*
7. *Section 519.24 (Committee Recommendations)*
8. *Section 519.25 (Mediation and Alternative Dispute Resolution)*

## **Proposed Amendment**

### *§ 519.2. Definitions.*

In this chapter:

- (1) "Address of record" means the last address provided to the board by a certificate or registration holder pursuant to §501.93(d) of this title (relating to Responses);
- (2) "ALJ" means SOAH administrative law judge;
- (3) "APA" means the Texas Administrative Procedure Act, Chapter 2001 of the Texas Government Code;
- (4) "Board staff" means the agency's employees;
- (5) "Committee" means an enforcement committee of the board;
- (6) "Complainant" means the person or entity who initiates a complaint with the board against a certificate or registration holder;
- (7) "Complaint" means information available to or provided to the board indicating that a certificate or registration holder may have violated the Act, board rules, or order of the board;
- (8) "Contested case" means a proceeding, including a licensing or disciplinary proceeding, in which the legal rights, duties, or privileges of a party are to be determined by a state agency after an opportunity for adjudicative hearing;
- (9) "Deferred Adjudication" means the judge deferred further proceedings without entering an adjudication of guilt and placed the person under the supervision of the court or an officer under the supervision of the court and at the end of the period of supervision, the judge dismissed the proceedings and discharged the person;
- (10) "Direct Administrative Costs" means those costs actually incurred by the board through payment to outside vendors and the resources expended by the board in the investigation and prosecution of a matter within the board's jurisdiction, including but not limited to, staff salary, payroll taxes and benefits and other non-salary related expenses, expert fees and expenses, witness fees and expenses, filing fees and expenses of the support staff of the Office of the Attorney General, filing fees, SOAH utilization fees, court reporting fees, copying fees, delivery fees, case management fees, costs of exhibit creation, technical fees, travel costs and any other cost or fee that can reasonably be attributed to the matter;
- (11) "Petitioner" means the Texas State Board of Public Accountancy;
- (12) "PFD" means the proposal for decision prepared by an ALJ;

(13) "Respondent" means a licensee or certificate holder, individual or entity against whom a complaint has been filed; and

(14) "SOAH" means the State Office of Administrative Hearings.

## **Proposed Amendment**

### *§ 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;

(J) Manufacture, Distribution, or Advertisement of Multichannel Video or Information Services Device;

(K) Sale or Lease of Multichannel Video or Information Services Device;

(L) Possession, Manufacture, or Distribution of Certain Instruments Used to Commit Retail Theft;

(M) Forgery;

(N) Criminal Simulation;

(O) Trademark Counterfeiting;

(P) Stealing or Receiving Stolen Check or Similar Sight Order;

(Q) False Statement to Obtain Property or Credit or in the Provision of Certain Services;

(R) Hindering Secured Creditors;

(S) Fraudulent Transfer of a Motor Vehicle;

(T) Credit Card Transaction Record Laundering;

(U) Issuance of a Bad Check;

(V) Deceptive Business Practices;

(W) Rigging Publicly Exhibited Contest;

(X) Misapplication of Fiduciary Property or Property of Financial Institution;

(Y) Securing Execution of Document by Deception;

(Z) Fraudulent Destruction, Removal, or Concealment of Writing;

(AA) Simulating Legal Process;

(BB) Refusal to Execute Release of Fraudulent Lien or Claim;

(CC) Fraudulent, Substandard, or Fictitious Degree;

(DD) Breach of Computer Security;

(EE) Unauthorized Use of Telecommunications Service;

(FF) Theft of Telecommunications Service;

(GG) Publication of Telecommunications Access Device;

(HH) Insurance Fraud;

(II) Medicaid Fraud;

(JJ) Coercion of Public Servant or Voter;

(KK) Improper Influence;

(LL) Acceptance of Honorarium (by restricted government employees);

(MM) Gift to Public Servant by Person Subject to his Jurisdiction;

(NN) Offering Gift to Public Servant;

(OO) Perjury;

(PP) False Report to Police Officer or Law Enforcement Employee;

(QQ) Tampering with or Fabricating Physical Evidence;

(RR) Tampering with Governmental Record;

(SS) Fraudulent Filing of Financial Statement;

(TT) False Identification as Peace Officer;

(UU) Misrepresentation of Property;

(VV) Record of a Fraudulent Court;

(WW) Bail Jumping and Failure to Appear;

(XX) False Alarm or Report;

(YY) Engaging in Organized Criminal Activity;

(ZZ) Violation of Court Order Enjoining Organized Criminal Activity;

(AAA) Failing to file license holder's own tax return; and

(BBB) Evading arrest;

(2) moral turpitude:

(A) Public Lewdness;

(B) Indecent Exposure;

(C) Enticing a Child;

(D) Improper Contact with Victim;



- (E) Abuse of Corpse;
  - (F) Prostitution;
  - (G) Promotion of Prostitution;
  - (H) Obscene Display or Distribution;
  - (I) Obscenity;
  - (J) Sale, Distribution, or Display of Harmful Material to Minor; and
  - (K) Employment Harmful to Children;
- (3) alcohol abuse or controlled substances:
- (A) Possession of Substance in Penalty Group 3 (less than 28 grams), under the Texas Health and Safety Code;
  - (B) Possession of Substance in Penalty Group 4 (less than 28 grams), under the Texas 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.

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

## **Proposed Amendment**

### *§ 519.9. Administrative Penalty Guidelines.*

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

[Figure: 22 TAC §519.9\(a\) \(.pdf\)](#)

(b) The amounts specified in subsection (a) of this section are guidelines only. The board retains the right to increase or decrease the amount of an administrative penalty 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	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(6);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 901.502(11)</p>	<p>\$0 to \$100,000 per violation.</p>
23	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(7);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 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>
24	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(8);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 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>



	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;		
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 investigation</p>	<p>22 TEX. ADMIN. CODE §501.90(17);</p> <p>TEX. OCC. CODE §§901.502(6) &amp; 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>
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	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  TEX. OCC. CODE	Minor: \$0 to \$1,000 per violation.  Moderate: \$1,000 to \$50,000 per violation.

		§§901.502(11) & 901.502(12)	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>

## **Proposed Amendment**

### *§ 519.20. Complaints.*

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

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

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

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

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

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

- (1) an individual licensee and the individual's firm when it has evidence that the individual licensee participated in a possible violation of the Act or board rule; and
- (2) a firm when there is evidence that the firm, in the practice of public accountancy, may have caused harm to a Texas resident or entity.

(f) Interpretive comment: The CPA firm may contact the board to determine if there is a nexus to Texas regarding the issue in subsections (e)(1) and (e)(2) of this section. The board will not open a complaint investigation on an out-of-state office unless the firm, in the practice of public accountancy, has caused harm to a person or entity located in Texas.

## **Proposed Amendment**

### *§ 519.21. Investigations.*

- (a) A board investigative file may be opened when the board determines that there may be a potential violation of the Act, board rules, or board order and the subject matter of the complaint is within the board's jurisdiction.
- (b) The board may open an investigative file on its own initiative.
- (c) A licensee or certificate holder shall cooperate with the board in its investigation of a complaint. The respondent will receive notice of the investigation by certified mail return receipt requested at the respondent's mailing address on file with the board. Upon notice of an investigation from the board, the respondent shall respond to the investigation and any request by the board for information or records concerning the investigation in accordance with §501.93 of this title (relating to Responses).
- (d) The respondent must provide the board with a detailed response to each allegation and the request for background information contained in the notice of investigation. The response must be in writing and delivered to the board within 30 days of the date of the notice of the investigation. The respondent's response may include any additional information the respondent wants the board to consider. Failure to provide the detail sought by the board to each allegation or to the records or documents requested will be considered a non-substantive response as also required in §501.93 of this title.
- (e) The board may request information from an individual, business entity, association, governmental subdivision or agency, or public or private organization who is not the subject of an investigation.
- (f) Withdrawal of a complaint by a complainant does not automatically cease an ongoing investigation.



## **Proposed Amendment**

### *§ 519.23. Informal Conferences.*

- (a) The committee, at its sole discretion, may invite the respondent and/or the complainant to an informal conference. The purpose of the conference is to assist the committee in the investigation. An informal conference is voluntary and is not a prerequisite to a hearing in a disciplinary action.
- (b) If the committee determines that the complainant's presence will aid in the investigation, then the committee will invite the complainant to appear at the informal conference. The committee will request the respondent to appear at a specified time and place for an informal conference.
- (c) The notice of an informal conference will state the date, time and place. The notice will be mailed and emailed to a correct address on file with the board to the respondent and complainant at least 10 days prior to the informal conference.
- (d) At an informal conference, the respondent may appear with legal representation but the respondent must agree to be the person responding to the committee's questions.
- (e) During an informal conference, each party is given the opportunity to make a brief presentation to the committee. The committee may ask questions regarding the matter being investigated and any matter of interest to the committee related to the investigation. The committee chair may call upon board staff at any time for assistance during the informal conference.
- (f) The committee may invite a non-party who has relevant information to the investigation to participate in the informal conference but the committee will determine who may attend and the process of the informal conference.

## **Proposed Amendment**

### *§ 519.24. Committee Recommendations.*

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

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

(1) the board lacks jurisdiction; or

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

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

(c) The committee will inform the respondent of its recommendation but may, in its discretion, issue a confidential letter of comment stating the committee's concerns about respondent's practice and make suggestions that may improve respondent's practice. The committee's recommendation of dismissal is not final until it is ratified by the board in an open meeting.

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

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

(f) If the respondent does not accept the proposed agreed consent order and fails to request a hearing in writing within the required time, the executive director, after providing notice of hearing before the executive director and respondent failing to appear, may offer a proposed order containing the committee's findings of fact and conclusions of law and imposing disciplinary sanctions, and administrative penalties and costs for the board's consideration and ratification. The hearing shall be conducted in the manner of a contested case pursuant to the Act, the APA, the board's rules and

SOAH's rules. A proposed order offered by the executive director is not final until it has been approved by the board.

## **Proposed Amendment**

### *§ 519.25. Mediation and Alternative Dispute Resolution.*

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

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

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

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

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

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

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

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

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

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

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

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

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

<p style="text-align: center;"><b>Agenda Item XII</b> <b>Consideration of Adoption of Board Rules</b> <b>May 15, 2025</b></p>
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**DISCUSSION:** The rules listed below were proposed for amendment on first reading at the March 13, 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 519.2 (Definitions)*
2. *Section 519.7 (Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a Person from Receiving a License)*
3. *Section 519.9 (Administrative Penalty Guidelines)*
4. *Section 519.20 (Complaints)*
5. *Section 519.21 (Investigations)*
6. *Section 519.23 (Informal Conferences)*
7. *Section 519.24 (Committee Recommendations)*
8. *Section 519.25 (Mediation and Alternative Dispute Resolution)*

## **Adopted Amendment**

### *§ 519.2. Definitions.*

In this chapter:

- (1) "Address of record" means the last address provided to the board by a certificate or registration holder pursuant to §501.93(d) of this title (relating to Responses);
- (2) "ALJ" means SOAH administrative law judge;
- (3) "APA" means the Texas Administrative Procedure Act, Chapter 2001 of the Texas Government Code;
- (4) "Board staff" means the agency's employees;
- (5) "Committee" means an enforcement committee of the board;
- (6) "Complainant" means the person or entity who initiates a complaint with the board against a certificate or registration holder;
- (7) "Complaint" means information available to or provided to the board indicating that a certificate or registration holder may have violated the Act, board rules, or order of the board;
- (8) "Contested case" means a proceeding, including a licensing or disciplinary proceeding, in which the legal rights, duties, or privileges of a party are to be determined by a state agency after an opportunity for adjudicative hearing;
- (9) "Deferred Adjudication" means the judge deferred further proceedings without entering an adjudication of guilt and placed the person under the supervision of the court or an officer under the supervision of the court and at the end of the period of supervision, the judge dismissed the proceedings and discharged the person;
- (10) "Direct Administrative Costs" means those costs actually incurred by the board through payment to outside vendors and the resources expended by the board in the investigation and prosecution of a matter within the board's jurisdiction, including but not limited to, staff salary, payroll taxes and benefits and other non-salary related expenses, expert fees and expenses, witness fees and expenses, filing fees and expenses of the support staff of the Office of the Attorney General, filing fees, SOAH utilization fees, court reporting fees, copying fees, delivery fees, case management fees, costs of exhibit creation, technical fees, travel costs and any other cost or fee that can reasonably be attributed to the matter;
- (11) "Petitioner" means the Texas State Board of Public Accountancy;
- (12) "PFD" means the proposal for decision prepared by an ALJ;

(13) "Respondent" means a licensee or certificate holder, individual or entity against whom a complaint has been filed; and

(14) "SOAH" means the State Office of Administrative Hearings.



## **Adopted Amendment**

### ***§ 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;

(J) Manufacture, Distribution, or Advertisement of Multichannel Video or Information Services Device;

(K) Sale or Lease of Multichannel Video or Information Services Device;

(L) Possession, Manufacture, or Distribution of Certain Instruments Used to Commit Retail Theft;

(M) Forgery;

(N) Criminal Simulation;

(O) Trademark Counterfeiting;

(P) Stealing or Receiving Stolen Check or Similar Sight Order;

(Q) False Statement to Obtain Property or Credit or in the Provision of Certain Services;

(R) Hindering Secured Creditors;

(S) Fraudulent Transfer of a Motor Vehicle;

(T) Credit Card Transaction Record Laundering;

(U) Issuance of a Bad Check;

(V) Deceptive Business Practices;

(W) Rigging Publicly Exhibited Contest;

(X) Misapplication of Fiduciary Property or Property of Financial Institution;

(Y) Securing Execution of Document by Deception;

(Z) Fraudulent Destruction, Removal, or Concealment of Writing;

(AA) Simulating Legal Process;

(BB) Refusal to Execute Release of Fraudulent Lien or Claim;

(CC) Fraudulent, Substandard, or Fictitious Degree;

(DD) Breach of Computer Security;

(EE) Unauthorized Use of Telecommunications Service;

(FF) Theft of Telecommunications Service;

(GG) Publication of Telecommunications Access Device;

(HH) Insurance Fraud;

(II) Medicaid Fraud;

(JJ) Coercion of Public Servant or Voter;

(KK) Improper Influence;

(LL) Acceptance of Honorarium (by restricted government employees);

(MM) Gift to Public Servant by Person Subject to his Jurisdiction;

(NN) Offering Gift to Public Servant;

(OO) Perjury;

(PP) False Report to Police Officer or Law Enforcement Employee;

(QQ) Tampering with or Fabricating Physical Evidence;

(RR) Tampering with Governmental Record;

(SS) Fraudulent Filing of Financial Statement;

(TT) False Identification as Peace Officer;

(UU) Misrepresentation of Property;

(VV) Record of a Fraudulent Court;

(WW) Bail Jumping and Failure to Appear;

(XX) False Alarm or Report;

(YY) Engaging in Organized Criminal Activity;

(ZZ) Violation of Court Order Enjoining Organized Criminal Activity;

(AAA) Failing to file license holder's own tax return; and

(BBB) Evading arrest;

(2) moral turpitude:

(A) Public Lewdness;

(B) Indecent Exposure;

(C) Enticing a Child;

(D) Improper Contact with Victim;

- (E) Abuse of Corpse;
  - (F) Prostitution;
  - (G) Promotion of Prostitution;
  - (H) Obscene Display or Distribution;
  - (I) Obscenity;
  - (J) Sale, Distribution, or Display of Harmful Material to Minor; and
  - (K) Employment Harmful to Children;
- (3) alcohol abuse or controlled substances:
- (A) Possession of Substance in Penalty Group 3 (less than 28 grams), under the Texas Health and Safety Code;
  - (B) Possession of Substance in Penalty Group 4 (less than 28 grams), under the Texas 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.

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

## **Adopted Amendment**

### *§ 519.9. Administrative Penalty Guidelines.*

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

[Figure: 22 TAC §519.9\(a\) \(.pdf\)](#)

(b) The amounts specified in subsection (a) of this section are guidelines only. The board retains the right to increase or decrease the amount of an administrative penalty 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	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(6);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 901.502(11)</p>	<p>\$0 to \$100,000 per violation.</p>
23	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(7);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 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>
24	<p>Committing discreditable acts</p> <p>(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</p>	<p>22 TEX. ADMIN. CODE §501.90(8);</p> <p>TEX. OCC. CODE §§901.502(6), 901.502(8), 901.502(9), &amp; 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>

	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;		
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 investigation</p>	<p>22 TEX. ADMIN. CODE §501.90(17);</p> <p>TEX. OCC. CODE §§901.502(6) &amp; 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>
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	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  TEX. OCC. CODE	Minor: \$0 to \$1,000 per violation.  Moderate: \$1,000 to \$50,000 per violation.

		§§901.502(11) & 901.502(12)	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>



## **Adopted Amendment**

### ***§ 519.20. Complaints.***

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

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

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

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

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

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

- (1) an individual licensee and the individual's firm when it has evidence that the individual licensee participated in a possible violation of the Act or board rule; and
- (2) a firm when there is evidence that the firm, in the practice of public accountancy, may have caused harm to a Texas resident or entity.

(f) Interpretive comment: The CPA firm may contact the board to determine if there is a nexus to Texas regarding the issue in subsections (e)(1) and (e)(2) of this section. The board will not open a complaint investigation on an out-of-state office unless the firm, in the practice of public accountancy, has caused harm to a person or entity located in Texas.

## **Adopted Amendment**

### ***§ 519.21. Investigations.***

- (a) A board investigative file may be opened when the board determines that there may be a potential violation of the Act, board rules, or board order and the subject matter of the complaint is within the board's jurisdiction.
- (b) The board may open an investigative file on its own initiative.
- (c) A licensee or certificate holder shall cooperate with the board in its investigation of a complaint. The respondent will receive notice of the investigation by certified mail return receipt requested at the respondent's mailing address on file with the board. Upon notice of an investigation from the board, the respondent shall respond to the investigation and any request by the board for information or records concerning the investigation in accordance with §501.93 of this title (relating to Responses).
- (d) The respondent must provide the board with a detailed response to each allegation and the request for background information contained in the notice of investigation. The response must be in writing and delivered to the board within 30 days of the date of the notice of the investigation. The respondent's response may include any additional information the respondent wants the board to consider. Failure to provide the detail sought by the board to each allegation or to the records or documents requested will be considered a non-substantive response as also required in §501.93 of this title.
- (e) The board may request information from an individual, business entity, association, governmental subdivision or agency, or public or private organization who is not the subject of an investigation.
- (f) Withdrawal of a complaint by a complainant does not automatically cease an ongoing investigation.

## **Adopted Amendment**

### ***§ 519.23. Informal Conferences.***

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

(b) If the committee determines that the complainant's presence will aid in the investigation, then the committee will invite the complainant to appear at the informal conference. The committee will request the respondent to appear at a specified time and place for an informal conference.

(c) The notice of an informal conference will state the date, time and place. The notice will be mailed and emailed to a correct address on file with the board to the respondent and complainant at least 10 days prior to the informal conference.

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

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

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

## **Adopted Amendment**

### ***§ 519.24. Committee Recommendations.***

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

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

(1) the board lacks jurisdiction; or

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

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

(c) The committee will inform the respondent of its recommendation but may, in its discretion, issue a confidential letter of comment stating the committee's concerns about respondent's practice and make suggestions that may improve respondent's practice. The committee's recommendation of dismissal is not final until it is ratified by the board in an open meeting.

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

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

(f) If the respondent does not accept the proposed agreed consent order and fails to request a hearing in writing within the required time, the executive director, after providing notice of hearing before the executive director and respondent failing to appear, may offer a proposed order containing the committee's findings of fact and conclusions of law and imposing disciplinary sanctions, and administrative penalties and costs for the board's consideration and ratification. The hearing shall be conducted in the manner of a contested case pursuant to the Act, the APA, the board's rules and

SOAH's rules. A proposed order offered by the executive director is not final until it has been approved by the board.

## **Adopted Amendment**

### *§ 519.25. Mediation and Alternative Dispute Resolution.*

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

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

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

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

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

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

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

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

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

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

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

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

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



**Agenda Item XIII**  
**Review of Future Meetings/Hearing Schedules**  
**May 15, 2025**

- 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;"><b>Agenda Item XIV</b> <b>Adjournment</b> <b>May 15, 2025</b></p>
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I. **DISCUSSION:** The presiding officer will entertain a motion to adjourn.

**RECOMMENDATION:** None required.

**SUGGESTED MOTION:** None required.