Why You Need a Practice Continuation Agreement

Do you have a contingency plan in place to protect your clients and practice if you become disabled or pass away suddenly? A 2016 American Institute of Certified Public Accountants (AICPA) survey found that only 7 percent of sole practitioners have a practice continuation agreement in place. However, without a contingency plan, you may be placing an unnecessary burden on your clients, family, and colleagues. You also may be putting your clients’ private information and the reputation of your practice at risk. Who will manage your client records and assure their safekeeping in your absence?

The creation of a practice continuation agreement should be an important resolution for the New Year. With a practice continuation agreement in place, you will have peace of mind that your clients’ services will continue uninterrupted if you become incapacitated. You can also use an agreement to help you transition to retirement. Thankfully, the process of forming a practice continuation agreement doesn’t have to be difficult and there are excellent resources available through the AICPA and the National Association of State Boards of Accountancy (NASBA). You can access their free Practice Survival Toolkit at aicpa.org/PracticeSurvivalKit.

Your first step should be to review different types of agreements and decide which one is best suited to your practice. A one-on-one agreement is made between two sole practitioners and is usually in the form of a buy/sell agreement or cross-purchase agreement. A group agreement is another popular practice continuation agreement in which several CPAs act as successors to each other’s firms. If a CPA in the group becomes disabled or dies, his or her clients are asked to select a new CPA from the surviving members.

Continued on page 3


### CONTINUING PROFESSIONAL EDUCATION (CPE) SPONSORS SUCCESSFULLY COMPLETING REVIEW (as of January 25, 2017)

<table>
<thead>
<tr>
<th>Sponsor #</th>
<th>Sponsor Name</th>
<th>Date of Next Review</th>
<th>Status</th>
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<td>000446</td>
<td>Aramco Services Company</td>
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**Registration Status:**
- **A** = Currently active
- **E** = Currently expired

- Check the Board website at [www.tsbpa.texas.gov](http://www.tsbpa.texas.gov) for qualified CPE providers before enrolling in a CPE course.

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### Firm Registration and Peer Review

An individual CPA who performs attestation services or uses any variation of “CPA” in dealing with the public must register with the Board as a firm (Rule §501.81). Additionally, if the firm performs or offers to perform attest services as described in Board Rule §527.4, it is required to enroll in the peer review program. The Board adopted updated rules for peer review in 2016 to accommodate changes to the American Institute of Certified Public Accountants standards. If the highest level of service performed is preparation engagements in compliance with Statement on Standards for Accounting and Review Services (SSARS) 21, the firm may claim an exemption from peer review.

Once your firm has completed an attestation engagement, you have 30 days to enroll in the peer review program with an approved sponsoring organization (Rule §527.3), and 10 additional days to provide enrollment confirmation to the Board. For more details visit [http://www.aicpa.org/interestareas/peerreview/resources/faqs/downloadabledocuments/qandaprp.pdf](http://www.aicpa.org/interestareas/peerreview/resources/faqs/downloadabledocuments/qandaprp.pdf)

**Reporting to the Board:** The assigned review due date is the date that the peer review should be completed, accepted by the Texas Society of Certified Public Accountants, and returned to the Board. The firm should begin scheduling the review at the year-end to ensure timely completion of the review. Once you have received the final letter of acceptance for the peer review, you should submit the peer review report and final letter of acceptance to the Board. **It is the firm’s responsibility to provide this information to the Board.**

**Exiting the Program:** When your firm no longer provides any attestation services you should notify the Board and the Society within 30 days of the change in service. Your firm may claim an exemption during any period in which no attestation services have been performed. Do not let any information requested by the sponsoring entity languish, as this may impact your firm’s practice license down the road.

**Stay up-to-date with ongoing changes!** SSARS 23 has already been issued and some sections will take effect on May 1, 2017. Take time during the coming months to make sure your practice is ready. You can find the latest at: [http://www.aicpa.org/Research/Standards/CompilationReview/DownloadableDocuments/SSARS_23.pdf](http://www.aicpa.org/Research/Standards/CompilationReview/DownloadableDocuments/SSARS_23.pdf)
Consider your firm’s reputation, expertise, rates, efficiency, profitability, location, and staff. This assessment will help you select which agreement is right for you and will also aid in your search for a successor. Make sure your client files are up to date and ready for your successor’s review. You will also need to conduct a valuation of your practice, including fixed assets, accounts receivable, and work in process.

Next, you will need to search for a successor. Make a list of potential practitioners and then narrow your list down to the best matches. You may want to consider your professional staff, other sole practitioners, previous employers, or a larger firm. Approach your potential successors and hold initial talks, but avoid any swift decisions.

After you have determined the value of your practice and have selected a successor, the Texas State Board recommends that you meet with your attorney to discuss Texas laws and rules that may affect the negotiation, creation, and implementation of your practice continuation agreement. The Board has several rules related to practice transitions, or the continuation of a CPA firm’s practice following certain events such as the sale or merger of the firm, or the loss of a sole proprietor. These rules are intended to protect the public and to guide practitioners through these transitions. The following rules provide a brief summary of some of the applicable laws:

- The treatment of original client records and the provision for the return of client records following a practice change can be found in Rule §501.76.

- Board regulations related to firm names after the loss of an owner/member can be found in Rule §501.83. Additionally, provisions related to the loss of a sole proprietor can be found in Rule §513.16. These rules are intended to provide clarity to the general public.

- All licensees understand the importance of maintaining the confidentiality of client communications. However, Chapter 901.457 (b) (7) of the Public Accountancy Act permits disclosure of client information to another CPA firm in the course of a practice review for a potential acquisition, or merger when both firms enter into a non-disclosure agreement.

- If your firm participates in the peer review program you will need to notify the administering entity (the Texas Society of CPAs, in most cases), so it can properly assign subsequent reviews related to Rule §527.4.

You should consider contacting your attorney to prepare a draft agreement. After covering legalities, you are ready to begin formal negotiations and the creation of your practice continuation agreement. Once the agreement is finalized and signed by you and your successor, discuss your plans with your attorney and family. Finalize letters of instruction to your family or heirs, clients, attorney, and staff to be delivered in the event of your death or incapacitation. Ensure that all copies of the agreement and relevant documents are secure. Finally, meet with your successor to discuss your plans and schedule a date for the first annual review of your agreement. Be sure to keep your clients informed at the appropriate time.

For more detailed information and instructions, visit aicpa.org/PracticeSurvivalKit.
Outstanding Candidates who attended the ceremony were recognized for their high achievement on the Uniform CPA Exam. They included, from L-R, back row: Emily Baker, Megan Alexander, and Austin Winsett.


Board members who welcomed the new CPAs to the profession were, L-R: Benjamin Peña, Jonathan B. Cluck, Donna J. Hugly, J. Coalter Baker, Dr. Roselyn Morris, John R. Broaddus, and Phillip W. Worley.

Members of the Austin CPA Chapter who generously volunteered their time at the event were, L-R, back row: Jan Keeling, Mandy Klein, Mei-Feng Lu, Tony Ross, Frank Stover, and Donna Wesling.

L-R, front row: Connie Clark, Vicki Foisy, Nancy Foss, Kara Hamann, Angela Hardy, and Michele Heyman.
Fifty-Year Licensees from the December Ceremony

Fifty-year honorees who attended the December 3 ceremony. **Back row, left to right:** Russ Brown, Mario Gonzalez, J. Lowell Goode, Ray Johnson, James E. Keller, and Jack E. Lee. **Front row, left to right:** Samuel Miller, Lee Mueller, Gerry Parker, Norman Ransleben, Gary L. Thurman, and Ben Trotter.

**FIFTY-YEAR LICENSEES**

Jerry Leeman Allen
Ronnie Mac Ayers
William Miller Banister
Howard Gene Barber
Neil Maclean Bowie
Frederick Randolph Box
James H. Brock Jr.
Russell Ellsworth Brown
Robert E. Brummett
James M. Charbonnet Jr.
Benjamin Homer Comiskey Jr.
Joe Robert Davis
Robert Francis Earhart
David D. Emmert
Kenneth A. Everhard
Wesley Wayne Evitt
Robert Donald Forrester
H. Preston Franks
John Charles Garvey
James W. Giese
Mario Gonzalez Jr.
James Lowell Goode
Harold Bernard Gowens
Charles L. Green
Jack Allen Griggs

Don William Grimes
Edward James Hanslik
William Russell Harp
Cornelius B. Hart
A. J. Herrington
Gerald Ray Holsapple
Martin W. Hoover Jr.
Eldon E. Howard
Lamar C. Jackson
Ray Allen Johnson
Robert Leroy Johnston
Cary McCall Jones
James E. Keller
Donald A. Key
Raymond M. Larkin
Jack Edward Lee
James Robert Lovett
Martin Everett Matyas
John Richard McDowell
Joseph M. Megna
James Royce Miller
Samuel R. Miller
Robert Louis Moore
Lee Moritz Mueller
Frederick W. Nelan

James S. Newcomb
Billy Wayne Outlaw
Gerald Allan Parker
William Manly Parrish
Russell Vernon Payne
Charles Gustavus Peterson III
Earl Dean Pharis
T. R. Popp
Norman H. Ransleben
Donald Wayne Sheffield
Wilford Wayne Simpson
Richard Churchill Spikes
Gary Adolph Steinke
M. Theodore Thompson
Gary L. Thurman
Benjamin B. Trotter
Roland Lawrence Voigt
Dayton W. Ward
William Louis Wayne
John Richard Webb
Paul David Wiggs
James Madison Williams Jr.
Jerry Seale Williford
Deward Dale Wofford
A. AGREED CONSENT ORDER BEHAVIORAL ENFORCEMENT COMMITTEE

1. Investigation Nos.: 16-05-11L
   Respondent: David Lee Chapman
   Hometown: Spring, TX
   Certificate No.: 011376
   Rule Violations: 501.74(b), 501.90(12)
   Act Violation: 901.502(6)
   Respondent entered into an agreed consent order (ACO) with the Board whereby Respondent was reprimanded and ordered to pay an administrative penalty of $500 and $273.55 in administrative costs within 30 days of the date of the Board Order. Respondent must also reimburse the client for fees paid to Respondent for preparing the tax return and provide proof to the Board of such payment. In addition, Respondent must reimburse the client for any penalties and interest assessed by the IRS as a result of the late filing.
   Respondent failed to complete an engagement to prepare a tax return in a timely manner. Respondent also failed to respond to a client’s inquiry regarding the completion of her tax return.

2. Investigation No.: 16-07-01L
   Respondent: Steven Edwin Harper
   Hometown: Leander, TX
   Certificate No.: 023751
   Rule Violation: 501.90(5)
   Act Violations: 901.502(6), 901.502(11)
   Respondent entered into an ACO with the Board whereby Respondent’s certificate was revoked in lieu of further disciplinary proceedings.
   Respondent was convicted of Conspiracy to Make False Statements to a Production Credit Association.

3. Investigation No.: 16-01-04L
   Respondent: Steven Martin McCraw
   Hometown: Plano, TX
   Certificate No.: 017236
   Rule Violation: 501.90(8)
   Act Violation: 901.502(6)
   Respondent entered into an ACO with the Board whereby Respondent was reprimanded and ordered to pay $318.97 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent shall complete and submit proof of completion of the requirements of the Securities and Exchange Commission (SEC) settlement including payment of the penalties.

Respondent was charged by the SEC and settled the case agreeing to a permanent injunction barring him from using any fraud, deceit or untrue statements or omissions about material facts in connection with offering, buying or selling securities. Respondent also agreed to disgorgement of $111,800, offset by a $71,000 settlement made in another SEC case, as well as prejudgment interest and a $50,000 civil penalty.

4. Investigation Nos.: 16-06-04L, 16-06-05L
   Respondents: Leslie Ann Ratliff & Leslie A. Ratliff, CPA (Firm)
   Hometown: Tyler, TX
   Certificate No.: 088544
   Firm License No.: T09018
   Rule Violations: 501.74(b), 501.90(2)
   Act Violation: 901.502(6)
   Respondents entered into an ACO with the Board whereby Respondents were reprimanded and ordered to pay a $500 administrative penalty and $273.55 in administrative costs within 30 days of the date of the Board Order. In addition, Respondent shall complete and submit proof of completion of four hours of live CPE in the area of ethics. This requirement is in addition to Respondent’s annual CPE requirement and must be completed within 180 days of the date of the Board Order.
   Respondent forged a client’s name on a 1040X tax return and filed the return.

5. Investigation No.: 16-07-04L
   Respondent: Jason Paul Rodriguez
   Hometown: Carrollton, TX
   Certificate No.: 095996
   Rule Violation: 501.90(4)
   Act Violations: 901.502(6), 901.502(10), 901.502(11)
   Respondent entered into an ACO with the Board whereby Respondent’s certificate was revoked in lieu of further disciplinary proceedings.
   Respondent pleaded guilty to the felony offense of Aggravated Sexual Assault with a Child on March 31, 2016.

TECHNICAL STANDARDS REVIEW COMMITTEE

1. Investigation Nos.: 16-03-13L, 16-03-14L
   Respondents: Michael Perry Bruce & Michael P. Bruce, CPA, P.C. (Firm)
   Hometown: Dallas, TX
   Certificate No.: 019118
   Firm License No.: C05172
   Rule Violation: 527.5
   Act Violation: 901.502(12)
   Respondents entered into an ACO with the Board whereby Respondents were reprimanded and subject to a scope limitation from the effective date of the Board Order until an application for removal of the limitation is found acceptable to the Technical Standards Review (TSR) Committee and ratified by the Board.
   Respondent Firm has received three successive deficient peer reviews as defined under Board Rule 527.5.

2. Investigation Nos.: 16-02-06L & 16-02-07L
   Respondents: Terrance Scott Eckert & Candy & Schonwald, PLLC (Firm)
   Hometown: Dallas, TX
   Certificate No.: 046881
   Firm License No.: C07690
   Rule Violation: 501.60
   Act Violation: 901.502(6)
   Respondents entered into an ACO with the Board whereby Respondent Eckert was reprimanded and Respondent Firm is subject to a scope limitation from the effective date of the Board Order until an application for removal of the limitation is found acceptable to the TSR Committee and ratified by the Board.
   The Employee Benefits Security Administration’s initial review found that Respondent Firm issued an audit without sufficient evidence of the audit work performed in certain areas.

3. Investigation Nos.: 16-03-15L, 16-03-16L
   Respondents: Paul Robert Wasseroos & Paul R. Wasseroos (Firm)
   Hometown: Galveston, TX
   Certificate No.: 052077
   Firm License No.: T07517
   Rule Violation: 527.5
   Act Violation: 901.502(12)
   Respondents entered into an ACO with the Board whereby Respondents were reprimanded and subject to a scope limitation from the effective date of the Board Order until an application for removal of the limitation is found acceptable to the TSR Committee and ratified by the Board.
   Respondent Firm has received three successive deficient peer reviews as defined under Board Rule 527.5.
Continuing Professional Education Actions

The certificate of each respondent listed below was not in compliance with the Board’s continuing professional education (CPE) requirements as of the date of the Board meeting. Each respondent was suspended for the earlier of a period of three years, or until the respondent complies with the licensing requirements of the Act. Additionally, a $100 penalty was imposed for each year the respondent continues to be in non-compliance with the Board’s CPE requirements. The respondents were found to be in violation of Section 523.111 (Required CPE Reporting) and 501.94 of the Board’s Rules, as well as Section 901.411 (CPE) of the Act.

Respondent / Location                       Board Date
Jeffrey Altizer, McKinney, TX                11/17/2016
Kimmi Lakisha Attaway, Houston, TX          11/17/2016
Boniface Ngang Awundaga, Rosharon, TX       11/17/2016
Keri Sue Bright, Huntington Beach, CA       11/17/2016
Walter Gordon Brown, Austin, TX             11/17/2016
Diana Carrillo, Santa Clara, CA             11/17/2016
Tamara Gayle Cooper, Rockwall, TX           11/17/2016
Catherine Fomby, Galveston, TX              11/17/2016
James Lawrence Frankeberger, Frisco, TX     11/17/2016
Mariana A. Gimenez, El Paso, TX             11/17/2016
Rose Marie Harris, Houston, TX              11/17/2016
Judy Ellen Heath, Allen, TX                 11/17/2016
Patricia Sue Keefer, Irving, TX             11/17/2016
Sandra Natalia Mendez, El Paso, TX          11/17/2016
Christopher Courtney Mersinger, Houston, TX 11/17/2016
Loan Marie Nguyen, Sugar Land, TX           11/17/2016
Kevin Michael Patterson, Oxford, MS         11/17/2016
Scott F. Roberts, Round Rock, TX            11/17/2016
Donald Eugene Rutt, Kingwood, TX            11/17/2016
Robert Scott Schaefer, Austin, TX           11/17/2016
Stephen Achankeny Sendze, Houston, TX       11/17/2016
George Ian Smith III, Spring, TX            11/17/2016
Kelly Anne Sudderth, Marfa, TX              11/17/2016
Eddison Titus, Houston, TX                  11/17/2016
David Anthony Wesch, Austin, TX             11/17/2016
William Michael Westerman, Kennard, TX       11/17/2016
Adam Michael Yee, Dallas, TX                11/17/2016

Three-Year Delinquent Actions

The respondents listed below violated 901.502(4) when they failed to pay license fees for three consecutive license periods. The certificate of each respondent was revoked without prejudice as the respondent was not in compliance as of the Board meeting date. Each respondent may regain his or her certificate by paying all the required license fees and late fees and by otherwise coming into compliance with the Act.

Respondent / Location                       Board Date
Larry William Adair, Trophy Club, TX        11/17/2016
Gregory Keith Adams, Plano, TX              11/17/2016
Buddy Ray Ballou, Spring, TX                11/17/2016
Donna Lois Bice, Dallas, TX                 11/17/2016

Learn more at www.tsbpa.texas.gov

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Attention: CPAs, Exam Candidates, and Accounting Students

If you are dealing with alcohol or drug dependency problems or mental health issues, you can get help from the Accountants Confidential Assistance Network (ACAN). ACAN volunteers are CPAs who have had first-hand experience with these same issues and who understand what you are dealing with. Don’t hesitate to get the help you need. All communications are confidential.

For help, call 1-866-766-2226

Additional Volunteers Needed
ACAN needs volunteers across the state. If you are a CPA in recovery and interested in volunteering, please call 1-866-766-2226.

Legal Notice:
The identity and communications and the fact of membership of anyone attending this group are confidential and protected under penalty of law under Chapter 467 of the Texas Health and Safety Code.