

# Texas State Board of Public Accountancy

## March 29, 2018

The Texas State Board of Public Accountancy met from 10:07 a.m. until 12:04 p.m. on March 29, 2018 at 333 Guadalupe, Tower 3, Suite 900, Austin, Texas 78701-3900. A notice of this meeting containing all items on the agenda was filed with the Office of the Secretary of State at 1:12 p.m. on March 20, 2018. (TRD #2018-004036).  
**(ATTACHMENT 1)**

### Board Members Present

Manuel Cavazos IV, Esq., CPA  
*Presiding Officer*  
Susan Fletcher  
*Executive Committee*  
*Member-at-Large*  
Lisa A. Friel, CPA  
Jamie D. Grant  
Donna J. Hugly, CPA  
James D. Ingram IV, CPA  
Ross T. Johnson, CPA  
*Executive Committee*  
*Member-at-Large*  
Timothy L. LaFrey, Esq., CPA  
*Assistant Presiding Officer*  
William Lawrence  
Robert M. McAdams, CPA  
*Treasurer*  
Roselyn E. Morris, Ph.D., CPA  
Benjamin Peña, CFE, CPA  
*Secretary*  
Steve D. Peña, CPA  
Kimberly E. Wilkerson, Esq.

### Member Absent

Debra S. Sharp  
excused

### Others Present

Alan Leonard  
Frank McElroy, Esq.  
Steve Ogle, Esq.  
John Sharbaugh

### Staff Present

Paulette Beiter, Esq.  
Roel Cantu  
Ismael Castillo  
Ann Hallam  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
Donna Hiller  
William Jackson, CPA  
Natalie Miller  
John D. Moore, Esq.  
Julie Prien  
Marisa Rios  
April Serrano  
William Treacy  
Daniel Weaver

- I. Mr. Cavazos, Presiding Officer, called the meeting to order at 10:07 a.m. Mr. Treacy called roll and declared a quorum.  
  
Mr. McAdams moved to excuse Ms. Sharp's absence from the Board meeting. Mr. Grant seconded the motion and it passed unanimously.  
  
Mr. Cavazos presented a service award to Marisa Rios for 10 years of Board service.
- II. Mr. Ingram moved to approve the January 25, 2018 Board meeting minutes as presented. Ms. Fletcher seconded the motion and it passed unanimously.
- III. Mr. McAdams, Ad Hoc Audit Committee Chair, reported on the March 28, 2018 committee meeting.

### Members Present

Manuel Cavazos IV, Esq., CPA  
Lisa A. Friel, CPA  
Robert M. McAdams, CPA  
Benjamin Peña, CFE, CPA

### Others Present

Robert Gonzales, CPA  
Monday Rufus, CPA

### Staff Present

Ann Hallam  
Alan Hermanson, CPA  
J. Randel Hill, Esq.  
William Treacy

- A. Mr. McAdams moved to defer the Board's FY 2018 internal audit pending the review of additional information that was requested from staff to include a risk assessment on mission critical and non-critical areas. Ms. Fletcher seconded the motion and it passed.
- B. Mr. McAdams moved to request that the Comptroller's Office delay the beginning of the Post Payment Audit until September 2018. Dr. Morris seconded the motion and it passed unanimously.

C. Mr. McAdams reported that the committee's next meeting was scheduled for May 16, 2018.

IV. Mr. Cavazos, Executive Committee Chair, reported on the March 28, 2018 committee meeting.

Members Present	Others Present	Staff Present
Manuel Cavazos IV, Esq., CPA Susan Fletcher Ross Johnson, CPA Timothy L. LaFrey, Esq., CPA Robert M. McAdams, CPA Benjamin Peña, CFE, CPA	Steve Peña, CPA John Sharbaugh	Ann Hallam Alan Hermanson, CPA J. Randel Hill, Esq. Donna Hiller William Treacy Daniel Weaver

A. Mr. McAdams moved to approve the Board's financial statements as presented. Mr. B. Peña seconded the motion and it passed unanimously.

B. See Agenda Item III for action taken.

C. Mr. Cavazos requested that Mr. Treacy report on the following:

1. NASBA dates of interest
  - a. Western Regional Meeting – June 26-28, 2018 in Olympic Valley, CA (Lake Tahoe)
  - b. 111<sup>th</sup> Annual Meeting – October 28-31, 2018 in Scottsdale, AZ.
2. Mr. Treacy reported on NASBA's 36<sup>th</sup> Annual Executive Director's Conference and 23<sup>rd</sup> Annual Conference of Board of Accountancy Legal Counsel held March 13-15, 2018 in Destin, FL.
3. Mr. B. Peña moved to endorse the Board's nomination of A. Carlos Barrera, CFE, CPA, for NASBA's vice-chair position. Mr. S. Peña seconded the motion and it passed unanimously.

D. Mr. S. Peña presented the Peer Review Oversight Board's annual report and moved to approve the continuation of the American Institute of Certified Public Accountant's National Peer Review Committee and the Texas Society of CPAs as peer review sponsoring organizations. Mr. McAdams seconded the motion and it passed unanimously.

E. Mr. McAdams moved to approve the following FY 2018 professional service contract amendments. Mr. Ingram seconded the motion, and it passed unanimously.

**FY 2018 amendments:**

1. Belen Briones, CPA (Increase contract by \$12,000 from \$30,000 to \$42,000)	9/1/17 – 8/31/18	\$12,000
2. Dubois Bryant & Campbell (Increase contract by \$50,000 from \$100,000 to \$150,000)	9/1/17 – 8/31/18	\$50,000

F. Mr. Cavazos reviewed thank you letters from the public.

G. Mr. Cavazos reported that the discussion of the executive director's evaluation process would be addressed at the end of the meeting.

V. Mr. LaFrey, Rules Committee chair, reported on the March 28, 2018 committee meeting.

Members Present	Others Present	Staff Present
Manuel Cavazos IV, Esq., CPA <i>ex officio</i> Donna J. Hugly, CPA Ross T. Johnson, CPA Timothy L. LaFrey, Esq., CPA William Lawrence Benjamin Peña, CFE, CPA Steve D. Peña, CPA	Susan Fletcher Robert M. McAdams, CPA John Sharbaugh	Paulette Beiter, Esq. Ann Hallam J. Randel Hill, Esq. Donna Hiller Marisa Rios William Treacy Daniel Weaver

- A. Mr. LaFrey moved to authorize the Executive Director to have the proposed revisions to Board *Rule 501.83 (Firm Names)* be published in the *Texas Register* for public comment. Mr. S. Peña seconded the motion and it passed unanimously. (**ATTACHMENT 2**)
  - B. Mr. LaFrey moved to authorize the Executive Director to have the proposed revisions to Board *Rule 501.93 (Responses)* in the *Texas Register* for public comment. Mr. S. Peña seconded the motion and it passed unanimously. (**ATTACHMENT 3**)
  - C. Mr. LaFrey moved to authorize the Executive Director to have the proposed revisions to Board *Rule 511.57 (Qualified Accounting Courses)* in the *Texas Register* for public comment. Mr. S. Peña seconded the motion and it passed unanimously. (**ATTACHMENT 4**)
  - D. Mr. LaFrey moved to authorize the Executive Director to have the proposed revisions to Board *Rule 511.59 (Definition of 150 Semester Hours)* to the *Texas Register* for public comment. Mr. S. Peña seconded the motion and it passed unanimously. (**ATTACHMENT 5**)
  - E. Mr. LaFrey moved to authorize the Executive Director to have the proposed revisions to Board *Rule 501.90 (Discreditable Acts)* to the *Texas Register* for public comment. Mr. B. Peña seconded the motion and it passed unanimously. (**ATTACHMENT 6**)
  - F. Mr. LaFrey reported that the committee will meet on May 16, 2018 at 1:30 p.m.
- VI. Mr. B. Peña, Behavioral Enforcement Committee chair, reported on the following committee meeting.

**January 9, 2018**

**Members Present**

Bennett Allison, CPA  
Manuel Cavazos IV, Esq., CPA  
*ex officio*  
Patrick Durio, CPA  
Donna J. Hugly, CPA  
James D. Ingram IV, CPA  
Benjamin Peña, CFE, CPA  
Steve D. Peña, CPA  
Debra Sharp

**Members Absent**

Karen W. Jones, CPA

**Staff Present**

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

- A. Mr. LaFrey moved to reinstate **Investigation Nos. 13-11-12L<sup>1</sup>** and **13-11-13L<sup>1</sup>** following an informal hearing. Mr. Grant seconded the motion and it passed.
  - B. The next committee meeting will take place on April 25, 2018 at 9:00 a.m.
- VII. Ms. Beiter, Staff Attorney, reported on the status of the Enforcement Division's probation monitoring docket.
- VIII. Mr. Hill, General Counsel, reported on the status of investigations into alleged violations of *Subchapter J* of the *Public Accountancy Act*, regarding the unauthorized practice of public accountancy.
- IX. The Board took the following actions on the Agreed Consent Orders and Administrative Disciplinary Actions:

**A. Agreed Consent Orders**

**Technical Standards Review Committee**

Ms. Fletcher moved to approve the following ACO as presented. Mr. B. Peña seconded the motion and it passed.

<b>Investigation Nos.:</b>	<b>14-04-02L &amp; 14-04-03L</b>	<b>Hometown:</b>	<b>El Paso, TX</b>
<b>Petitioners:</b>	<b>Roberto G. Torres &amp;</b>	<b>Certificate No.:</b>	<b>017800</b>
	<b>Roberto G. Torres &amp; Co., P.C.</b>	<b>Firm License No.:</b>	<b>C05510</b>

Petitioners petitioned the Board to lift a limitation of scope imposed by the Board in an ACO approved by the Board on September 22, 2014. The Board approved the Committee recommendation that the limitation of scope be modified to allow Petitioner to perform the attest function as long as the services were performed with the approval of a pre-issuance reviewer.<sup>2</sup>

Mr. S. Peña moved to approve the following ACO as presented. Mr. B. Peña seconded the motion and it passed.

**Unauthorized Practice of Public Accountancy**

- |                             |   |                  |                    |
|-----------------------------|---|------------------|--------------------|
| • <b>Investigation No.:</b> | <b>17-11-29N</b>                                    | <b>Hometown:</b> | <b>Houston, TX</b> |
| <b>Respondents:</b>         | <b>Yao Tax Services, Inc. &amp; Yaw Okore-Adjei</b> |                  |                    |
| <b>Act Violation:</b>       | <b>901.451(b)</b>                                   |                  |                    |

Respondents entered into an ACO with the Board whereby Respondents agreed to cease from engaging in the practice of public accountancy including, but not limited to, the use of the terms “accountant,” “auditor,” “accounting services,” and “auditing services.” This also includes the performance or offer to perform attest services. Respondents offered services to the public that involve the use of accounting, attest, and auditing skills, including issuing compilations without an individual license or firm license issued by the Board.

**B. Administrative Disciplinary Actions**

Ms. Fletcher moved to approve the following Disciplinary Actions as presented. Mr. B. Peña seconded the motion and it passed unanimously.

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

The Respondents failed to pay their licensing fees for three consecutive license periods. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the certificate of each Respondent still not in compliance be revoked without prejudice. Each Respondent may regain his or her certificate by paying all license fees and late fees and by otherwise coming into compliance with the *Act*. Respondents violated *Act Section 901.502(4) (failure to pay license fees for three consecutive years)*. **(ATTACHMENT 7)**

**Investigation Numbers**

17-10-10001 – 17-10-10048  
17-11-10001 – 17-11-10032

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

*Section 901.411 (Continuing Professional Education)*. The Respondents, although provided with a preliminary report dated November 15, 2016 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 8)**

**Investigation Numbers**

17-10-10049 – 17-10-10195  
17-11-10033 – 17-11-10162

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 9)**

**Investigation Numbers**

17-10-10196 – 17-10-10198  
17-11-10163 – 17-11-10178

- X. Mr. LaFrey moved to adopt the following Board *Rules*. Mr. McAdams seconded the motion and it passed unanimously.
1. *Section 501.83 (Firm Names) (ATTACHMENT 10)*
  2. *Section 511.122 (Acceptable Work Experience) (ATTACHMENT 11)*
  3. *Section 511.124 (Acceptable Supervision) (ATTACHMENT 12)*
  4. *Section 513.16 (Death or Incapacitation of a Sole Proprietor) (ATTACHMENT 13)*
  5. *Section 520.3 (Institutions) (ATTACHMENT 14)*
  6. *Section 520.5 (Award Amounts and Uses) (ATTACHMENT 15)*
  7. *Section 520.6 (Allocations and Reallocations) (ATTACHMENT 16)*
- XI. Mr. Cavazos reviewed the schedule of future Board meetings.
- XII. Mr. Cavazos announced that the Board was going into executive session pursuant to *Section 551.074(a)(1)* of the *Texas Government Code* to evaluate the performance and discuss the duties of the executive director. Mr. Cavazos announced the time as 11:25 a.m. The Board came out of executive session and Mr. Cavazos announced the time as 11:57 am. Following the announcement the Board considered the following motion:
- Mr. LaFrey moved to approve a one-time salary adjustment of \$10,000 for the Executive Director effective April 1, 2018, covering FY 2017 and FY 2018. Mr. B. Peña seconded the motion and it passed unanimously.
- XIII. Mr. Cavazos adjourned the meeting at 12:04 p.m.

**ATTEST:**

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Manuel Cavazos IV, Esq., CPA, Presiding Officer

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Benjamin Peña, CFE, CPA, Secretary

<sup>1</sup> Mr. Cavazos, Ms. Hugly, Mr. Ingram, Mr. B. Peña, Mr. S. Peña, and Ms. Sharp recused themselves from participating in this matter.

<sup>2</sup> Mr. Johnson recused himself from participating in this matter.