

Texas State Board of Public Accountancy

November 11, 2021

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 12:29 p.m. on November 11, 2021. A notice of this meeting containing all items on the agenda and in accordance with *Section 551.127* of the *Texas Government Code* and the Governor's suspension of certain provisions of *Section 551.127* of the *Government Code* was filed with the Office of the Secretary of State at 8:29 a.m. on November 3, 2021. (TRD #2021-006629) (ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
Manuel Cavazos IV, Esq., CPA
Presiding Officer
Olivia Espinoza-Riley, CPA
Renee D. Foshee, Esq., CPA
Lisa A. Friel, CPA
Assistant Presiding Officer
Ray R. Garcia, CPA
Jamie D. Grant
Executive Committee
Member-at-Large
Jill A. Holup
James D. Ingram IV, CPA
Secretary
Kevin J. Koch, CPA
Treasurer
Debra D. Seefeld, CPA
Executive Committee
Member-at-Large
Debra S. Sharp
Executive Committee
Member-at-Large
Jeannette P. Smith, CPA
Sheila M. Vallés-Pankratz

Others Present

Kenneth Besserman, Esq.
Julie Davis, Esq.
Craig Nauta
Jodi Ann Ray

Staff Present

Paulette Beiter, Esq.
Roel Cantu
Ismael Castillo
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
John Moore, Esq.
Brian O'Neal
Thomas Payne
Julie Prien
Marisa Rios
William Treacy
Daniel Weaver

- I. Mr. Cavazos, Presiding Officer, called the meeting to order at 10:00 a.m. Mr. Treacy called roll and declared a quorum.
- II. Mr. Ingram moved to approve the September 16, 2021 Board meeting minutes as amended. Mr. Koch seconded the motion and it passed unanimously.
- III. After a call for public comments, there were no comments from the public.
- IV. Mr. Cavazos, Executive Committee Chair, reported on the November 10, 2021 (video conference and in-person) committee meeting.

Members Present

Manuel Cavazos IV, Esq.,
CPA
Lisa A. Friel, CPA
Jamie D. Grant
James D. Ingram IV, CPA
Kevin J. Koch, CPA
Debra D. Seefeld, CPA
Debra S. Sharp

Others Present

Kenneth Besserman, Esq.
Renee D. Foshee, Esq., CPA

Staff Present

Roel Cantu
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Brian O'Neal
Marisa Rios
William Treacy
Daniel Weaver

- A. Mr. Koch, moved to approve the Board's FY 2021 Annual Financial Report end-of-year overview as presented. Mr. Garcia seconded the motion and it passed unanimously.
- B. Board Fiscal Policies:
 - Mr. Cavazos, Presiding Officer and Mr. Koch, Treasurer, presented the Board's Fiscal Policies and no action was taken.

- C. Mr. Ingram moved to approve an FY 2022 contract amendment for Peter DelVecchia, CPA. Mr. Garcia seconded the motion and it passed unanimously.

Technical Standards Review Committee consultant:

- Peter DelVecchia, CPA 9/1/21 – 8/31/22 \$5,000
(Increase contract by \$5,000 from \$10,000 to \$15,000)

- D. Report on NASBA/AICPA matters:

- NASBA dates of interest:
 - Mr. Treacy reported on NASBA's 114th NASBA Annual Meeting (virtual) – November 2-3, 2021.

- E. Ms. Espinoza-Riley moved to approve the Board's Committee and Board meeting schedule for CY 2022 as presented. Mr. Koch seconded the motion and it passed unanimously.

- F. Mr. Ingram moved to approve the request of a firm to continue operating under *Section 513.16 (Death or Incapacitation of Firm Owner)*. Mr. Garcia seconded the motion and it passed unanimously.

- G. Mr. Treacy reported on the Board's Survey of Employee Engagement.

- H. Mr. Cavazos reported on general correspondence coming to the Board's attention.

- V. Ms. Friel, Rules Committee Chair, reported on the November 10, 2021 (video conference and in-person) Rules Committee meeting.

Members Present

Manuel Cavazos IV, Esq., CPA
ex officio
Renee D. Foshee, Esq., CPA
Lisa A. Friel, CPA
Kevin J. Koch, CPA
Jeannette P. Smith, CPA

Members Absent

Jill A. Holup
Ray R. Garcia, CPA

Staff Present

Roel Cantu
Alan Hermanson, CPA
J. Randel Hill, Esq.
Donna Hiller
John Moore, Esq.
Brian O'Neal
Marisa Rios
William Treacy
Daniel Weaver

- A. Ms. Friel moved approve authorize the executive director to publish the proposed revisions to Board *Rules 511.51 (Educational Definitions), 511.57 (Qualified Accounting Courses), 511.58 (Definitions of Related Business Subjects and Ethics Courses), 511.60 (Qualified Accounting Courses Prior to January 1, 2024), 511.72 (Uniform Examination) and 511.80 (Granting of Credit), excluding 511.59 (Definition of 150 Semester Hours)*. Mr. Ingram seconded the motion and it passed unanimously. **(ATTACHMENT 2)**

- B. Ms. Friel informed the Board that the next committee meeting will be held January 12, 2022 at 1:30 p.m.

- VI. Ms. Foshee, Qualifications Committee Chair, reported on the November 1, 2021 (video conference and in-person) Qualifications Committee meeting.

Members Present

Manuel Cavazos IV, Esq., CPA
ex officio
Renee D. Foshee, Esq., CPA
Lisa A. Friel, CPA
Jennifer Johnson, CPA
Kevin J. Koch, CPA
Joshua LeBlanc, CPA
Roselyn M. Morris, PhD, CPA
Jeannette P. Smith, CPA
Veronda Willis, CPA

Others Present

Kenneth Besserman, Esq.
Daniel Dustin, CPA
Carl Mays, CPA
Jodi Ann Ray
Larry Stephens, CPA
Jan Taylor, CPA

Staff Present

Paulette Beiter, Esq.
Gilbert Gutierrez
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Brian O'Neal
Marisa Rios
William Treacy

- A. Ms. Foshee reported that representatives from NASBA and the AICPA met with the committee and responded to questions about the accounting curriculum initiatives, communications with accounting students and with boards of accountancy related to the CPA Evolution that will launch on January 1, 2024.
 - B. Ms. Foshee reported that representatives from NASBA and the AICPA met with the committee and responded to questions about the accounting curriculum initiatives, communications with accounting students and with boards of accountancy related to the CPA Evolution that will launch on January 1, 2024.
 - C. Ms. Foshee reported that the committee reviewed information that was provided to NASBA on the CPA Exam Data Pipeline.
 - D. Ms. Foshee informed the Board that the committee received updated information on the Fifth-Year Accounting Student Scholarship funds that have been released as of November 1, 2021. 12 colleges and universities have drawn down \$209,689.46 of the funds allocated for 2021-2022 fiscal year.
 - E. Ms. Foshee reported that the committee reviewed information concerning a request from Prometric to close seven testing centers in the state. The test centers will remain open and no action was taken.
 - F. Ms. Foshee reported that the committee reviewed the results from the Texas Educational Institutional Survey and no action was taken.
 - G. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.51 (Educational Definitions)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - H. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.57 (Qualified Accounting Courses)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - I. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.59 (Definition of 150 Semester Hours)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - J. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.72 (Uniform Exam)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - K. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.80 (Granting of Credit)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - L. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.58 (Definition of Related Business Subjects and Ethics Courses)*. The committee's amendments were referred to the Rules Committee for its consideration.
 - M. Ms. Foshee informed the Board that the committee considered and did not approve ACCT-560 Accounting Ethics offered at Colorado State University – Global and found that it does not contain the required AICPA and SEC's ethics rules on the Board of Accountancy's Rules of Professional Conduct.
 - N. Ms. Foshee reported that the committee reviewed and considered amendments to Board *Rule 511.60 (Qualified Accounting Courses Prior to January 1, 2024)*. The committee's amendments were referred to the Rules Committee for its consideration.
- VII. Mr. Grant, Licensing Committee Chair, reported on the department's activities regarding the fingerprinting progress.
- VIII. Ms. Sharp, Constructive Enforcement Committee Chair, reported on the October 26, 2021 (video conference and in-person) Constructive Enforcement Committee meeting.

October 26, 2021

Members Present

Susan Adams, CPA
Manuel Cavazos IV, Esq.,
CPA
Connie B. Clark, CPA
Jesus Davila, CPA
Roselyn Morris, PhD, CPA
Debra S. Sharp

Others Present

Kenneth Besserman, Esq.
Jodi Ann Ray

Staff Present

J. Franco
J. Randel Hill, Esq
Marissa Mahoney
John Moore Esq.
William Treacy
Daniel Weaver

- A. Ms. Sharp reported that staff presented background information and historical context for the Unauthorized Practice of Public Accountancy (UPPA) program and the committee discussed current Constructive Enforcement Committee processes.
- B. Ms. Sharp reported that the committee discussed and proposed actions to be taken by staff to revisit and reenergize the Constructive Enforcement Advisory Committee (CEAC). The committee directed staff to take necessary steps to revitalize the CEAC collaboration with Texas Society of CPAs (TXCPA). Staff efforts will entail the following:
1. Articulate the liability protection afforded to volunteers under *The Act*
 2. Outline the commitment needed from volunteers
 3. Educate the statewide TXCPA Chapter volunteers on program details
 4. Create and disseminate relevant public information
- IX. Mr. Ingram, Behavioral Enforcement Committee Chair, reported on the following virtual committee meeting:

October 20, 2021

Members Present

Susan I. Adams, CPA
Charles B. Allison, CPA
Patricia C. Culver, CPA
Patrick Durio, CPA
Jill A. Holup

James D. Ingram IV, CPA
Phillip D. Johnson, CPA
Kevin J. Koch, CPA
Debra Sharp
Jeannette P. Smith, CPA

Staff Present

Paulette Beiter, Esq.
J. Randel Hill, Esq

- A. Ms. Foshee moved to dismiss the following investigations based upon insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Espinoza-Riley seconded the motion and it passed. The BEC Board members did not participate in the vote. **Investigation No. 21-08-04L** was tabled and not considered for dismissal.
1. Investigation Nos. 21-06-09L¹ and 21-06-10L¹
 2. Investigation No. 21-06-11L¹
 3. Investigation Nos. 21-07-05L¹ and 21-07-06L¹
 4. Investigation Nos. 21-07-08L¹ and 21-07-09L¹
 5. Investigation Nos. 21-08-02L¹ and 21-08-03L¹
- B. Ms. Foshee moved to dismiss **Investigation Nos. 21-09-37L¹ and 21-09-38L¹** based upon voluntary compliance with the *Act* and the *Rules*. Mr. Garcia seconded the motion and it passed. The BEC Board members did not participate in the vote.
- C. Other – The committee considered two other matters during this meeting; however, these matters did not require Board action at this time.
- X. Ms. Friel, Technical Standards Review Committee Member, reported on the following virtual committee meeting:

October 13, 2021

Members Present

Lisa Friel, CPA
Ray Garcia, CPA
Sheila Vallés-Pankratz
Robert McAdams, CPA
Diliana Stewart, CPA
Juliet Williams, CPA

Members Absent

Jamie D. Grant
Roselyn Morris, PhD, CPA
Debra Seefeld, CPA

Staff Present

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

Other Present

Peter DelVecchia, CPA

- A. Mr. Ingram moved to approve a request to lift the limitation of scope on the firm license with the requirement that the petitioner obtain a pre-issuance reviewer approved by the chair of the committee. Mr. Koch seconded the motion and it passed. The TSR Board members did not participate in the vote.

• **Investigation No. 19-09-01A²**

- B. Ms. Friel reported that the committee considered five matters during its meeting; however, these matters do not require Board action at this time.
- C. Ms. Seefeld reported on the Board's Agency Referral Training held September 29, 2021 (video conference and in-person).
- XI. Mr. Hill, General Counsel, reported on the status of the Enforcement Division's probation and limited scope monitoring program.
- XII. Ms. Vallés-Pankratz, Peer Assistance Oversight Committee chair, reported on the November 10, 2021 (video conference and in-person) committee meeting.

Members Present

Susan Adams, CPA
Omolara Akinboye, CPA
Kathryn Sharp, CPA
Sheila Vallés-Pankratz

Members Absent

John R. Bruce, CPA

Other Present

Craig Nauta
Naomi Pankratz

Staff Present

Paulette Beiter, Esq.
Ann Hallam, PMP
Alan Hermanson, CPA
J. Randel (Jerry) Hill, Esq.
Donna Hiller
Brian O'Neal
Thomas Payne
Marisa Rios
William Treacy

- A. Ms. Vallés-Pankratz reported that Board staff and the Program Director of the TXCPA Peer Assistance program known as the Accountants Confidential Assistance Network (ACAN) provided an orientation regarding the program and the committee's responsibilities in monitoring and overseeing the peer assistance program.
- B. Ms. Vallés-Pankratz informed the Board that the committee reviewed the compliance documentation as well as the annual report on grant spending and recent ACAN activities provided by the Program Director and discussed the possible need for additional funding in the future.
- C. Ms. Vallés-Pankratz reported that the committee discussed program enhancements and supported the efforts of the Program Director to include a wellness component to the program focusing on mental health as well as substance abuse. The Committee also considered ways of improving the outreach of the program and how best to introduce the availability of the program to licensees. The Committee directed staff to provide the members of the Committee samples of current referral letters sent to licensees from the Board for comment and potential revision. The Committee will consider and discuss any comments received during its next meeting scheduled for May 19, 2022.
- XIII. The Board took the following actions on agreed consent orders (ACOs) and administrative disciplinary actions:

A. **Agreed Consent Order:**

Behavioral Enforcement Committee

Ms. Foshee moved to approve the following ACOs as presented. Ms. Seefeld seconded the motion and it passed. The BEC Board members did not participate in the vote.

1. **Investigation No.:** 21-06-01L **Hometown:** Prosper, TX
Respondent: Jeffrey Scott Burns **Certificate No.:** 093508
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 suspended for a period of seven years from the effective date of the Board Order; however, the suspension was stayed, and Respondent was placed on probation for seven years. In addition, Respondent must participate in the Accountants Confidential Assistance Network. Respondent pleaded guilty to DWI 3rd, a third-degree felony, on March 26, 2021.¹

2. **Investigation Nos.:** 21-04-08L & 21-04-09L **Hometown:** Spring, TX
Respondents: Robert McLean and **Certificate No.:** 078912
Robert McLean (Firm) **Firm License No.:** T08391
Rule Violations: 501.90(12), 501.80, 501.81
Act Violation: 901.502(6)

Respondents entered into an ACO with the Board whereby Respondents were reprimanded and assessed \$612.98 in administrative costs to be paid within 30 days of the date of the Board Order. In addition, Respondent agreed to take an additional four hours of ethics within the current renewal cycle. Respondents failed to respond to several inquiries regarding a notice from the IRS received by a client and practiced public accountancy while licenses were expired.¹

3. **Investigation No.:** 21-05-05L **Hometown:** Fort Worth, TX
Respondent: Carlos Jose Medina **Certificate No.:** 102267
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 for a period of two years from the effective date of the Board Order; however, the revocation was stayed, and Respondent was placed on probation for two years. In addition, Respondent must participate in the Accountants Confidential Assistance Network. Respondent pleaded guilty to DWI on February 6, 2021.¹

Technical Standards Review Committee

Mr. Koch moved to approve the following ACO as presented. Mr. Ingram seconded the motion and it passed unanimously. The TSR Board members did not participate in the vote.

- **Investigation Nos.:** 15-03-28L & 15-03-29L **Hometown:** Wharton, TX
Respondents: Kenneth Ray Johse and **Certificate No.:** 017730
Kenneth R. Johse (Firm) **Firm License No.:** T02379
Rule Violations: 501.60, 501.61, 501.81
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents would be reprimanded and Respondents agreed to not renew their individual and firm licenses. Respondent Firm issued an audit report for a homeowner's association that did not meet professional standards while the firm license was not issued by the Board.³

B. Administrative Disciplinary Actions:

Mr. Koch moved to approve the following Disciplinary Actions as presented. Mr. Ingram 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 3**)

Investigation Numbers

21-06-10001 – 21-06-10070

21-07-10001 – 21-07-10061

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 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**)

Investigation Numbers

21-06-10071 – 21-06-10291

21-07-10062 – 21-07-10276

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**)

Investigation Numbers

21-06-10292 – 21-06-10315

21-07-10277 – 21-07-10312

XIV. Mr. Koch moved to adopt the following Board *Rules* as presented. Ms. Holup seconded the motion and it passed unanimously.

1. *Section 523.112 (Required CPE Participation)* (**ATTACHMENT 6**)
2. *Section 523.131 (Board Approval of Ethics Course Content)* (**ATTACHMENT 7**)
3. *Section 523.140 (Program Standards)* (**ATTACHMENT 8**)

XV. Mr. Cavazos reviewed the meeting schedule for the year.

XVI. Mr. Cavazos adjourned the meeting at 12:29 p.m.

ATTEST:

Manuel Cavazos IV, Esq., CPA, Presiding Officer

James D. Ingram IV, CPA, Secretary

¹Ms. Adams, Ms. Holup, Mr. Ingram, Mr. Koch, Ms. Sharp, and Ms. Smith recused themselves from participating in this matter.

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

³Ms. Friel and Mr. Grant recused themselves from participating in this matter.