

Texas State Board of Public Accountancy

March 21, 2024

The Texas State Board of Public Accountancy met by video conference and in-person from 10:00 a.m. until 11:41 a.m. on March 21, 2024. A notice of this meeting containing all items on the agenda, in accordance with *Section 551.127 of the Texas Government Code* was filed with the Office of the Secretary of State at 3:07 p.m. on March 12, 2024. (TRD #2024-001438) (ATTACHMENT 1)

Board Members Present

Susan I. Adams, CPA
Kimberly D. "Kim" Crawford, CPA
Olivia Espinoza-Riley, CPA
Treasurer
Ray R. Garcia, CPA
Executive Committee
Member-at-Large
Jamie D. Grant
Executive Committee
Member-at-Large
Jill A. Holup
Executive Committee
Member-at-Large
Sherri B. Merket
Thomas M. Neuhoﬀ, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Secretary
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Member Absent

Renee D. Foshee, Esq., CPA,
excused

Others Present

Kenneth Besserman, Esq.
Larry Stephens, JD/LLM, CPA
Mark Vane
J. Michael Waters, CPA

Staff Present

Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
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 10:00 a.m. Mr. Treacy called roll and declared a quorum.

Ms. Smith moved to excuse the absence of Renee D. Foshee from the Board meeting. Mr. Neuhoﬀ seconded the motion and it passed unanimously.

- II. Mr. Garcia moved to approve the January 18, 2024 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 20, 2024 (video conference and in-person) Joint Executive and Peer Review Committee meeting.

Members Present

Kimberly D. Crawford, CPA
Olivia Espinoza-Riley, CPA
(in-person)
Ray R. Garcia, CPA
Peer Review Committee Chair
Jamie D. Grant
Jill A. Holup
Laura Lambert, CPA
Debra D. Seefeld, CPA
Presiding Officer
(in-person)
Jeannette P. Smith, CPA
(in-person)

Members Absent

Robert M. McAdams, CPA
Ben Peña, CFE, CPA

Others Present

Tom A. Akin, CPA
Kenneth Besserman, Esq.
Renee D. Foshee, Esq., CPA
Thomas M. Neuhoﬀ, CPA
Dipesh Patel, CPA
Jodi Ann Ray
J. Michael Waters, CPA

Staff Present

Marissa Brooks
Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
John Moore, Esq.
Brian O'Neal
Marisa Rios
Lorna Schwimmer-Staggs, CPA
Lori Shaw
William Treacy

- A. Ms. Seefeld, Acting Chair of the Peer Review Committee, presented on the Peer Review Oversight Board 2023 Annual Report. John Michael Waters, member of the Peer Review Oversight Board (PROB)

gave a brief explanation of the Peer Review Committee process. Ms. Smith moved to accept the 2023 Annual Report from the Peer Review Oversight Board with a recommendation to continue the TXCPA and AICPA/NPRC as approved peer review sponsoring organizations. Ms. Crawford seconded the motion and it passed unanimously.

- B. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Mr. Garcia moved to approve the Board's financial statements as presented. Ms. Smith seconded the motion and it passed unanimously.
- C. Ms. Espinoza-Riley, presented the first draft of the Board's Budget Plan for 2025. Questions were addressed during the meeting. No action was required.

Mr. Treacy, Executive Director, expressed interest in pursuing an Exam Fee Financial Aid program for TSBPA to pay for the first exams of students still in school. He would expect to pay for 200 exams per month. One possible funding source would be the scholarship fund, and the Board would also look into other sources of funding. The ideal method of disbursement would be an invoice from NASBA, which Mr. Treacy can speak with them about at next week's meeting. Ms. Smith expressed an interest in obtaining more information on criteria to qualify for the program. Without official action, the committee expressed general interest in staff investigating the possibility of initiating such a program. There was no opposition.

- D. Ann Hallam, Director of IR, presented on Information Resources projects. TSBPA staff conveyed that the budget is based on rough estimates, considering the limited information available before project initiation. Committee members expressed interest in having more detail on sources of the numbers, which staff will provide for the May meeting. No action was required.
- E. Mr. Treacy, Executive Director, presented information on firm late fees. The fees depend on timing but are the same for all firms, regardless of size. He expressed interest in pursuing the possibility of basing late fees on firm size. Without official action, the committee expressed support without opposition.
- F. Ms. Seefeld reported on the following NASBA/AICPA matters:
 - NASBA dates of interest
 - a. 29th Annual Conference for Board of Accountancy Legal Counsel
March 25 – 27, 2024, Nashville, TN
 - b. 42nd Annual Conference for Executive Directors and Board Staff
March 25 – 27, 2024, Nashville, TN
 - c. Western Regional Meeting June 25-27, 2024, Omaha, NE
 - d. 117th Annual Meeting October 27-30, 2024, Orlando, FL
- G. Ms. Seefeld reported on general correspondence coming to the Board's attention.
- H. Announcement of Ad Hoc Nominating Committee for the selection of Assistant Presiding Officer.
- V. Ms. Seefeld reported on Peer Review Agenda Item IV-A, of the March 20, 2024 Joint Executive and Peer Review Committee meeting. (Video conference and in-person)
- VI. Ms. Smith, Qualifications Committee Acting-Chair, reported on the following Qualifications Committee meeting:

March 20, 2024 (Video conference and in-person)

Members Present

Renee D. Foshee, Esq, CPA
Committee Chair

Others Present

Kenneth Besserman, Esq.
Thomas Neuhoﬀ, CPA

Staff Present

Paulette Beiter, Esq.
Marissa Brooks

Caroline Hartmann, CPA
Marshall Pitman, Ph.D., CPA
Debra Seefeld, CPA
(*ex officio*)
Jeannette P. Smith, CPA
Sheila Vallés-Pankratz
Veronda Willis, Ph.D., CPA
Kathy Zolton, CPA

Jodi Ann Ray

Rhonda Fellner
Ann Hallam, PMP
J. Randel Hill, Esq.
Donna Hiller
Kyle McGaw
Brian O'Neal
Marisa Rios
Lori Shaw
William Treacy

- A. Ms. Smith reported that 138 individuals had requested reinstatement of CPA Exam credits through the Applicant Reassessment Program and these were approved. Twelve of the individuals have completed all sections of the CPA Exam as a result of the reinstatement and have applied for CPA certification.
 - B. Ms. Smith reported that the committee received information from NASBA that 38 students enrolled in the Experience, Earn, and Learn (ELE) Pilot Program offered through Tulane University - School of Professional Advancement. Additional information will be provided to boards of accountancy at the conclusion of the Spring 2024 semester. To determine rigor of the coursework, it was requested that the distribution of grades be provided for the completed coursework.
 - C. Ms. Smith reported that Marshall Pitman, chair of the Task Force established to consider the Board's Rules of Professional Conduct Exam, stated that the members were working on the question bank and the next meeting would be held on April 5, 2024. The target completion date for the project is July 2024.
 - D. Ms. Smith reported that the committee discussed the question posed by the NASBA Professional Licensure Task Force (PLTF) and recommends that the Board send a letter of support for continued discussion on an equivalent path to licensure that defines a structured professional program qualifying an individual for licensure as a CPA. The committee requests that the letter also state that the PLTF proceed with caution when considering structured professional programs as an alternative pathway to licensure. Ms. Espinoza-Riley moved to draft a letter of support. Mr. Neuhoﬀ seconded the motion and it passed unanimously.
 - E. Ms. Smith reported that the committee recognized that it has been more than 20 years since the Standards for Texas Community Colleges to receive the Board's designation - Qualifying Educational Credit for CPA Examination was developed and instructed the staff to reach out to Texas Community Colleges and to the Texas Association of Community Colleges to advise them of the Board's program and learn if there is interest in obtaining the designation.
 - F. Ms. Smith reported that the committee reviewed the educational documents submitted by applicant – 0290521 and recommends that the applicant provide syllabi for coursework that may meet the accounting/business communications and accounting information systems and accounting data analytics courses that were completed. The syllabi should be for the semester in which the courses were taken. The applicant should also be informed of the education requirements that are needed for certification after passing the CPA Exam.
 - G. Ms. Smith reported that the committee reviewed the CPA Exam Performance Summary for 2023 Q4. Members were reminded that CPA Exam scores for 2024 are delayed. The expected score release dates are June 4 for the Core subjects and April 24 for the Discipline Subjects.
- VII. Ms. Smith, Behavioral Enforcement Committee chair reported on the following Behavioral Enforcement Committee meeting:

February 29, 2024 (Video conference and in-person)

Members Present

Susan I. Adams, CPA
Bennett Allison, CPA
Patrick Durio, CPA
Jill A. Holup

Staff Present

Paulette Beiter, Esq.
J. Randell Hill, Esq.

Phillip D. Johnson
Robert Ogle, CPA
Jeannette P. Smith, CPA
Committee Chair

A. Dismissals – Insufficient evidence

Ms. Crawford moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Merket seconded the motion and it passed. The BEC Committee members did not participate in the vote.

1. Investigation Nos. 23-10-09L¹ and 23-10-10L¹
2. Investigation Nos. 23-12-07L¹ and 23-12-08L¹
3. Investigation No. 23-10-11L¹
4. Investigation Nos. 24-01-06L¹ and 24-02-01L¹
5. Investigation Nos. 23-08-08L¹ and 23-08-09L¹
6. Investigation No. 23-12-02L¹

A. Reinstatement

- Ms. Warren moved to reinstate the Respondent in **Investigation No. 02-11-10L¹**. Mr. Grant seconded the motion and it passed. The BEC committee members did not participate in the vote.

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

VIII. Mr. Garcia, Technical Standards Review Committee Chair, reported on the following Committee meeting:

January 31, 2024

Members Present

Ray R. Garcia, CPA
Committee Chair
Kimberly Crawford, CPA
Douglas Koval, CPA
Dilliana Stewart, CPA
Susan Warren, CPA
Juliet Williams, CPA

Others Present

Jamie Grant
Sheila Vallés-Pankratz

Staff Present

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

A. Dismissals – Insufficient evidence

Ms. Smith moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Ms. Holup seconded the motion and it passed. The TSR Committee members did not participate in the vote.

1. Investigation No. 23-02-08L²
2. Investigation No. 23-10-01L²
3. Investigation No. 23-11-05L²
4. Investigation No. 23-11-09L²

B. Modify – Limit Scope

Ms. Espinoza-Riley moved to modify the limited scope in **Investigation No. 22-01-02A²** to allow the Respondent to perform compilations. Ms. Merket seconded the motion and it passed. The TSR Committee members did not participate in the vote.

C. Other - The committee considered five other matters during its meeting; however, these matters do not require Board action at this time.

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

A. **AGREED CONSENT ORDERS (ACO)**
BEHAVIORAL ENFORCEMENT COMMITTEE (BEC)

Ms. Espinoza-Riley moved to approve the following ACOs as presented. Mr. Neuhoft seconded the motion and it passed. The BEC Board members did not participate in the vote.

- **Investigation Nos.:** 23-11-01L¹ & 23-11-02L¹ **Hometown:** Austin, TX
Respondents: Charles Angelo Chase Insogna & Insogna CPA PC **Certificate No.:** 093422
Firm License No.: C08895

Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, would remove an online comment and would be assessed an administrative penalty of \$500.

Respondents intentionally disclosed client's information.

TECHNICAL STANDARDS REVIEW COMMITTEE (TSR)

Ms. Merket moved to approve the following ACOs as presented. Ms. Smith seconded the motion and it passed. The TSR Board members did not participate in the vote.

1. **Investigation Nos.:** 23-06-06L² & 23-06-07L² **Hometown:** Wylie, TX
Respondents: Nathan Edward Ferguson & Nathan Ferguson, CPA LLC **Certificate No.:** 099538
Firm License No.: C08926
Rule Violations: 501.60, 501.61
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$2,500 and administrative costs of \$786.52, and placed on limited scope requiring pre-issuance review of any attest services for educational institutions regulated by the U.S. Department of Education (DOE) until the pre-issuance reviewer indicates the Respondents are qualified to provide the attest services on their own.

Respondents failed to meet Generally Accepted Government Auditing Standards (GAGAS), Generally Accepted Auditing Standards (GAAS), and DOE Audit Guide requirements for Title IV Programs and HEERF Grants in the financial statement audit, Title IV compliance audit, and HEERF compliance examination engagement for a proprietary school regulated by the DOE.

2. **Investigation Nos.:** 23-07-06L² & 23-07-07L² **Hometown:** Tioga, TX
Respondents: Shawn David Nesmith & Shawn D. Nesmith, CPA PLLC **Certificate No.:** 089698
Firm License No.: C10988
Rule Violations: 501.60, 501.61, 501.70
Act Violations: 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$5,000 and administrative costs of \$1,151.66, and required to withdraw their audit opinions for a school district.

Respondents issued audited financial statements for a school district when they lacked independence.

3. **Investigation Nos.:** 23-07-08L² & 23-07-09L² **Hometown:** Dallas, TX
Respondents: Henry Frank Cordova II and Cordova & McPherson CPA Firm LLC **Certificate No.:** 106658
Firm License No.: C10489
Rule Violations: 501.60, 501.61, 501.74, 527.4
Act Violations: 901.159, 901.502(6), 901.502(11)

Respondents entered into an ACO with the Board whereby Respondents would be reprimanded, assessed an administrative penalty of \$2,500 and administrative costs of \$641.11, and placed on limited scope requiring pre-issuance reviews of any audits, compilations, and reviews until the Respondent Firm passes its next peer review.

Respondents failed to timely complete an engagement to provide a client reviewed financial statements. Respondent Firm issued reviewed financial statements when it was not enrolled in a peer review program and when the firm license was delinquent/expired.

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| 4. Investigation No.: | 23-07-11L² | Hometown: | Grapevine, TX |
| Respondent: | James Robert Fitts | Certificate No.: | 073978 |
| Rule Violations: | 501.90(7), 501.91(a)(2) | | |

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded, assessed an administrative penalty of \$20,000 and administrative costs of \$689.58, placed on limited scope prohibiting him from performing attest services for public companies until either he is reinstated by the U.S. Securities and Exchange Commission (SEC) or until a petition to lift the limitation of scope is granted by the Board, and required to inform the Board if he applies for reinstatement to practice as an accountant before the SEC.

Respondent was sanctioned by the SEC for failing to comply with several Public Company Accounting Oversight Board professional standards as the engagement partner for a CPA firm. Respondent was censured, barred from practicing before the SEC for at least one year until reinstated by the SEC, and assessed a civil money penalty.

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| 5. Investigation No.: | 23-07-12L² | Hometown: | Dallas, TX |
| Respondent: | Edward Lewis Turner III | Certificate No.: | 018002 |
| Rule Violations: | 501.60, 501.61, 501.90(7) | | |
| Act Violations: | 901.502(6), 901.502(9), 901.502(11) | | |

Respondent entered into an ACO with the Board whereby Respondent would involuntarily surrender his certificate in lieu of further disciplinary action by the Board.

Respondent was sanctioned by the Public Company Accounting Oversight Board (PCAOB) for failing to cooperate with a PCAOB's inspection of his firm's audit and review, creating and backdating a new workpaper and deleting a workpaper that had been prepared and signed off on by the Respondent and the firm's engagement quality reviewer, and providing the altered audit file to the PCAOB without identifying the improper alterations and deletion. Respondent was censured, barred from practicing before the PCAOB and assessed a civil money penalty.

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| 6. Investigation No.: | 23-10-02L² | Hometown: | Brownsville, TX |
| Respondent: | Carlos Humberto Cascos | Certificate No.: | 038638 |
| Rule Violations: | 501.60, 501.61 | | |
| Act Violations: | 901.502(6), 901.502(11) | | |

Respondent entered into an ACO with the Board whereby Respondent would be reprimanded and assessed administrative costs of \$697.11.

Respondent, as an engagement partner for his previous firm, failed to meet professional standards in the performance of an audit of financial statements for a not-for-profit entity subject to the Uniform Guidance for the fiscal year ended August 31, 2015. Respondent failed to identify and test all major federal programs as required by OMB Circular 133, Government Auditing Standards and Single Audit Standards.

B. ADMINISTRATIVE DISCIPLINARY ACTIONS

Ms. Warren moved to approve the following Administrative Disciplinary Actions as presented. Ms. Smith seconded the motion and it passed unanimously.

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

The Respondents failed to pay their licensing fees for three consecutive license periods. Respondents, although properly notified of the proposed disciplinary action and their right to a hearing on the matter, failed to request a hearing. Staff recommends that the certificate of each Respondent still not in compliance be revoked without prejudice. Each Respondent may regain his or her certificate by paying all license fees and late fees and by otherwise coming into compliance with the Act. Respondents violated *Act Section 901.502(4) (failure to pay license fees for three consecutive years)*. (ATTACHMENT 2)

No Board committee considered these actions.

Investigation Numbers

1. 23-10-10001 - 23-10-10061
2. 23-11-10001 - 23-11-10066

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 3)*

No Board committee considered these actions.

Investigation Numbers

3. 23-10-10062 - 23-10-10227
4. 23-11-10067 - 23-11-10225

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 4)**

No Board committee considered these actions.

Investigation Numbers

5. 23-10-10228 - 23-10-10243
6. 23-11-10226 - 23-11-10241

- X. Mr. Neuhoﬀ moved to adopt the following Board *Rules* as presented. Ms. Adams seconded the motion and it passed unanimously. **(ATTACHMENT 5)**

1. *Section 501.62 (Other Professional Standards)*
2. *Section 521.9 (Certificate Fee)*

- XI. Ms. Seefeld reviewed the meeting schedule for the year.

- XII. Ms. Warren move to adjourned the meeting at 11:41 a.m., Ms. Espinoza-Riley seconded.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Jeannette P. Smith, CPA, Secretary

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

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