

Texas State Board of Public Accountancy

November 7, 2024

The Texas State Board of Public Accountancy met by video conference and in-person from 10:05 a.m. until 11:19 a.m. on November 7, 2024. 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 10:14 a.m. on October 29, 2024. (TRD #2024-006320) (**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
Jamie D. Grant
Executive Committee
Member-at-Large
Sherri B. Merket
Thomas M. Neuhoﬀ, CPA
Debra D. Seefeld, CPA
Presiding Officer
Jeannette P. Smith, CPA
Assistant Presiding Officer
James "Jim" Trippon, CPA
Sheila M. Vallés-Pankratz
Susan M. Warren, CPA

Members Absent

Jill A. Holup
Excused

Others Present

Eric Acosta
Kenneth Besserman, Esq.
Ginger DeLatte, CPA
Lorna Harrison
Connie Lamirand
Ben Lansford, Ph D
Sean McVey
Raul Rodriguez
Dr. Greg Sommers, CPA
Larry Stephens, CPA
Amy Troutman
Mika Valdez

Staff Present

Paul Arredondo
Paulette Beiter, Esq.
Marissa Brooks
Nicole Duran, CPA
Rhonda Fellner
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 10:05 a.m. Mr. Treacy called roll and declared a quorum.
- II. Ms. Warren moved to approve the September 19, 2024 Board meeting minutes as presented. Ms. Vallés-Pankratz 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 November 6, 2024 (video conference and in-person) Executive Committee meeting.

Members Present

Olivia Espinoza-Riley, CPA
Renee D. Foshee, Esq. CPA
Ray R. Garcia, CPA
Jamie D. Grant
Debra D. Seefeld, CPA
Presiding Officer
(In-person)
Jeannette P. Smith, CPA

Others Present

Lonnie Arredondo
Thomas M. Neuhoﬀ, CPA

Staff Present

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

- A. Ms. Espinoza-Riley, Treasurer, presented the Board's financial statements. Ms. Vallés-Pankratz moved to approve the Board's financial statements as presented. Mr. Garcia seconded the motion and it passed unanimously.
- B. Mr. Hill presented proposed professional service contracts for members of the Peer Review Oversight Board for the term of January through the end of FY 25. The hourly fee was increased from \$200 to

\$270. Ms. Merket moved to approve the following FY 2025 professional service contracts. Ms. Crawford seconded the motion and it passed unanimously.

FY 2025 professional service contracts:

Peer Assistance Oversight Board:

1. Thomas Akin, CPA	1/1/25 – 8/31/25	\$11,600
2. John Michael Waters, CPA	1/1/25 – 8/31/25	\$11,600
3. Robert Goldstein, CPA	1/1/25 – 8/31/25	\$21,600

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

1. NASBA dates of interest

- Report on NASBA's 117th Annual Meeting, October 27-30, 2024, Orlando, FL.

Ms. Smith, Ms. Foshee, Ms. Seefeld, Mr. Treacy, and Mr. Hill attended in-person. Ms. Adams attended the meeting virtually. Various opinions of the NASBA and AICPA exposure drafts related to revisions to the Uniform Accountancy Act (UAA) and competency-based experience pathway were discussed. There were also presentations on exam trends within Texas and on the future of accounting. Ms. Seefeld congratulated Ms. Smith's NASBA committee assignment.

2. Ms. Seefeld reported that Ms. Foshee, Mr. Treacy, and herself received thank you letters from NASBA for their service on various committees.

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

E. Ms. Seefeld requested that Mr. Garcia present the response letter drafted by the Ad Hoc Licensure Pathway Committee and subsequently revised and approved during the Executive Committee Meeting. After a thorough discussion, the Board moved to approve the letter to be sent out to NASBA and AICPA.

V. Mr. Garcia, Peer Review Committee Chair, reported on the October 15, 2024 (video conference and in-person) Peer Review Committee meeting.

Members Present

Member Absent

Staff Present

Kimberly D. Crawford, CPA
Ray R. Garcia, CPA
Committee Chair
(In-Person)
Robert M. McAdams, CPA
Rene D. Peña, CPA
Debra Seefeld, CPA
Ex officio
Jeannette P. Smith, CPA

Laura Lambert, CPA

Marissa Brooks
Jay Franco
Ann Hallam, PMP
J. Randel Hill, Esq.
Marisa Rios
Brian O'Neal
William Treacy

A. Mr. Garcia reported that the staff provided an overview of the publication and selection process for the Peer Review Oversight Board members.

B. Mr. Garcia reported that the committee considered the responses to the Request for Qualifications published in the Electronic State Business Daily beginning on July 31, 2024 for selection to the Peer Review Oversight Board created in Board *Rule 527.7*. Upon a first by Mr. Peña and a second by Ms. Smith, the committee approved recommending to the Board that it authorize the staff to negotiate the terms of a contract with each of the three respondents.

Mr. Peña suggested staff consider revising Board *Rule 527.7* to be more inclusive.

VI. Ms. Vallés-Pankratz, Peer Assistance Oversight Committee Chair, presented the Quarterly Report, Performance Measures, and Financial Information from the TXCPA ACAN Program.

VII. Ms. Foshee, Qualifications Committee Chair, reported on the October 16, 2024 (video conference and in-person) Qualifications Committee meeting.

Members Present

Renee D. Foshee, Esq, CPA
Committee Chair
Marshall Pitman, Ph.D., CPA
Jeannette P. Smith, CPA
Sheila Vallés-Pankratz
Veronda Willis, Ph.D., CPA
Kathy Zolton, CPA
Jeannette P. Smith, CPA

Member Absent

Caroline Hartmann, CPA

Staff Present

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

Others Present

Kent Absec
Kenneth Besserman, Esq.
Joseph Buchanan
Abe Carr
Gin Chong
David Clark
Marilyn Dement
Marina Grau
Jaime Guerrero
Brittany Hammond
Katie Harris
Cassy Henderson
Terri Herron

Jason Hyde
Sheryl Jimerson
Logan Kendrick
Casey Kyllonen
Ben Lansford
John Masselli
Tracie Miller
Celinda Moore
Shicoyia Morgan
Philip Morris
Tim Morrison
Thomas Neuhooff, CPA
Ashley Newton

Dallin O Smith
Renee Olvera
Bill Pasewark
Mina Pizzini
April Poe
Jodi Ann Ray
Lanita Ray
Sarah Rodriguez
Greg Sommers
Larry Stephens
Jason Tasset
Lori Tatsch
Patty Wyatt
Liu Zishang

- A. Ms. Foshee provided an update on the Task Force's Report regarding the *Rules of Professional Conduct* Exam required for CPA certification. The report stated that the Task Force members reviewed all related questions, drafted new ones, and that the Board's staff and attorneys are currently reviewing their work. This report was for informational purposes only and no action was required.
- B. Ms. Foshee reported on the implementation of the Examination Fee Financial Aid (EFFA) program. Staff reported that information about the EFFA program was available on the Board's website and had been communicated through various social media platforms. Information only. No action was required.
- C. Ms. Foshee reported that the committee received written comments on the proposed CPA Competency- Based Experience Pathway from the following educators: April Poe - University of the Incarnate Word; Trevor England - Sam Houston State University; Pamela Baker - Texas Woman's University; Sunita White - Trinity University; Renee Olvera - Texas Christian University; Joe Dulin - University of Oklahoma; Lawrence Murphy Smith -Texas A&M University- Corpus Christi; Kathy Zolton - University of Texas – Dallas. There were a number of guests and educators who attended the meeting and offered oral comments. The committee thanked the participants for their comments and for attending the meeting.
- D. Ms. Foshee reported that the committee discussed the proposed CPA Competency-Based Experience Pathway and offered several comments. There was agreement in principle with the proposal for the alternate pathway, though Ms. Foshee dissented and did not agree with the proposal. The committee expressed concerns about the concept of the CPA evaluator who would sign off on the one year of competency-based work experience. Additionally, the members desired to receive further information along with the positions of other boards of accountancy to avoid any unintended consequences that might result from implementing the proposal before completing further study. They were aware that the Ad Hoc Licensing Pathway (AHLP) Committee would draft a response to the proposal for the Board's consideration at the upcoming November 7, 2024 meeting, and the Qualifications Committee's comments would be

provided to the AHLF.

- E. Ms. Foshee reported that the committee did not offer a recommendation on the proposed changes to the Uniform Accountancy Act.
 - F. Ms. Foshee reported that the committee tabled a discussion about the STEM program at Lamar University for presentation at a future meeting.
 - G. Ms. Foshee reported that the committee received information provided by the Texas Higher Education Coordinating Board about acceptable internships that could be offered at community colleges. The committee recommends that the five Texas community colleges recognized by the Board be notified that they may develop an accounting internship program similar to those offered at degree-granting institutions. The proposed internship program should be provided to the committee for consideration.
 - H. Ms. Foshee reported that the committee considered the information in the Journal of Accountancy about a U.S. Apprenticeship Program for entry level accounting and finance associates. Information only. No action was required.
 - I. Ms. Foshee reported that the committee considered and did not accept the Southern New Hampshire University course ACC 696 - Situational Ethics in Accounting to meet the Board's three-semester hour ethics course requirement. If the university decides to include the Texas Board's Rules of Professional Conduct in its curriculum, the committee may reconsider the course.
 - J. Ms. Foshee reported that the staff presented statistical information comparing Exam data for FY 23 and FY 24. Additional reports were provided that compared the applicants who were qualified to take the CPA exam under the 2003 Act in FY 23 and FY 24. The exam results of Texas candidates who tested using the new exam format were provided. Mr. Garcia inquired about the trends; Ms. Foshee and Board staff explained that the best practice is to take the exams as soon as possible once the student graduates. No action was required.
 - K. The committee considered but did not approve Emily Devane's request to accept CPA Exam credits from Alaska due to incomplete Texas education requirements. The committee did approve Dr. Larry Stephens' request to offer ACNT 1374 - Survey of Taxation at Austin Community College starting spring 2025.
- VIII. Mr. Garcia, Ad Hoc Licensure Pathways Committee Chair, reported on the October 15, 2024 (video conference and in-person) Ad Hoc Licensure Pathways committee meeting.

Members Present

Renee D. Foshee, Esq., CPA
(In-Person)
Ray G. Garcia, CPA
Committee Chair
(In-Person)
Jamie D. Grant
Thomas M. Neuhooff, CPA
Debra D. Seefeld, CPA
Ex Officio
Jeannette P. Smith, CPA

Others Present

Kenneth Besserman, Esq.
Kristen Bigbee, CPA
Leslie Blix, Ph.D
Kristen Cook, Ph.D
Kylee Dacy, CPA
Ronny Daigle, Ph.D., CPA
Ginger DeLatte, CPA
Trevor England, Ph.D., CPA
Katie Harris, CPA
Cassy Henderson, Ph.D.
R. Logan Kendrick, CPA
Tracie Miller, CPA
Celinda Moore, CPA
Shicoyia Morgan
Philip Morris, Ph.D., CPA
Rosie Morris Ph.D., CPA
Lindsey Mudge, CPA
Bill Pasewark, Ph.D., CPA
Julie Persellin, Ph.D.
Jodi Ann Ray
Shani Robinson, Ph.D., CPA
Sunita White, CPA

Staff Present

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

- A. Mr. Garcia reported that the committee received an update provided by Ms. Ray, President/CEO TXCPA on mobility and the pathway issues being considered in most of the states. Ms. Ray highlighted impacts on current licensees, including possible Safe Harbor language, and setting standards for new licensees.

The committee raised concerns regarding the urgency of changes, administrative burdens, the need for more information on other states' practices, as well as the need for greater clarity on pathway and mobility issues, before deciding if legislation is immediately needed.

- B. Mr. Garcia reported that the educators and practitioners had mixed reactions to the CPA Competency-Based Experience Pathway exposure draft. While some supported the alternate pathway proposal, the majority had reservations about the need for the change and the impact it would have. The educators were concerned about having to further adjust coursework, as they were already adjusting for the new CPA Exam. They stressed the need for more information and more time, emphasizing the balance between educational requirements and accessible licensure pathways.
- C. Mr. Garcia discussed the possible legislative changes to the Texas *Public Accountancy Act* and another pathway to licensure. The TSBPA staff discussed proposing a simple and concise revision to the Texas *Public Accountancy Act*.
- D. The committee reviewed and discussed two key exposure drafts: the CPA Competency-Based Experience Pathway and the Uniform Accountancy Act. Comments were solicited from those listed under the Others Present category in the minutes. Opinions varied on the alternative pathway, with some members showing qualified support and others raising concerns.

The committee members did not support the 1 + 1 option as an alternative pathway. The committee members felt that the 1 + 1 would add an administrative burden to the evaluator and the possibility of legal liability for those attesting to the competency of the candidate's experience. Members emphasized the need for more detailed information, clearer terms, and strong guardrail measures. One member expressed concern regarding the potential negative consequences of having an alternative pathway.

The committee voted in favor of an alternative pathway and stressed the need for more information and slowing down the legislative process until the results of both NASBA/AICPA Exposure Drafts are available. Ms. Foshee dissented and expressed opposition to having an alternative pathway. Mr. Grant had to leave the meeting and did not vote.

- IX. Ms. Espinoza-Riley informed the Board on the upcoming swearing-in ceremony being held January 25, 2025 at the Palmer Events Center in Austin, Texas. Invitations were sent to 607 new CPAs and 220 50-year honorees. Board members wishing to attend and participate in the ceremony were asked to notify Mr. Treacy.
- X. Ms. Smith, Behavioral Enforcement Committee chair, reported on the following Behavioral Enforcement Committee meetings:

August 7, 2024 (video conference and in-person)

Members Present	Member Absent	Staff Present
Susan I. Adams, CPA Bennett Allison, CPA Patrick Durio, CPA Phillip D. Johnson, CPA Robert Ogle, CPA Jeannette P. Smith, CPA <i>Committee Chair</i>	Jill A. Holup	Paulette Beiter, Esq. J. Randel Hill, Esq.

- A. Dismissals – Voluntary Compliance

Mr. Trippon moved to dismiss the following investigations based on voluntary compliance. Mr. Garcia seconded the motion and it passed. The above listed BEC committee members did not participate in any discussion or the vote.

- Investigation No. 24-05-12L¹, 24-05-13L¹ & 24-05-14L¹

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

October 17, 2024

Members Present

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

Staff Present

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

- A. Dismissals – Insufficient evidence

Mr. Trippon 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 above listed BEC committee members did not participate in any discussion or the vote.

1. Investigation Nos. 24-06-01L¹ and 24-06-02L¹
2. Investigation Nos. 24-08-08L¹ and 24-08-09L¹
3. Investigation Nos. 24-06-04L¹ and 24-06-05L¹
4. Investigation Nos. 24-08-10L¹ and 24-08-11L¹
5. Investigation Nos. 24-06-10L¹ and 24-06-11L¹

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

- XI. Ms. Seefeld, the Presiding Officer, presented the Technical Standards Review Committee report for the September 25, 2024 meeting. Mr. Garcia, Technical Standards Review Committee Chair, then reported on the October 2, 2024 meeting and the October 24, 2024 Agency Referral Training.

September 25, 2024 (video conference and in-person)

Members Present

Douglas Koval, CPA
Debra Seefeld, CPA
Ex Officio Committee Chair
Sheila Vallés-Pankratz
Juliet Williams, CPA

Members Recused

Kimberly Crawford, CPA
Ray R. Garcia, CPA
Committee Chair
Dilliana Stewart, CPA
Susan Warren, CPA

Staff Present

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

- A. Dismissals – Insufficient evidence

Ms. Foshee moved to dismiss the following investigations due to insufficient evidence of a violation of the *Act* or the *Rules*. Mr. Grant seconded the motion and it passed. The above listed TSR committee members did not participate in any discussion or the vote.

- Investigation Nos: 22-09-02L²; 22-09-03L²; 22-09-07L²; 22-09-10L²; 22-09-11L²; 22-09-16L²; 22-09-17L²; 22-09-19L²; 22-09-22L²; 22-09-24L²; 22-09-25L²; 22-09-29L²; 22-09-31L²; 22-09-33L²; 22-09-36L²; 22-09-40L²; 22-09-42L²; 22-09-43L²; 22-09-45L²; and 22-09-51L².

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

October 2, 2024 (video conference and in-person)

Members Present

Kimberly Crawford, CPA

Staff Present

J. Randel Hill, Esq.

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

John Moore, Esq.

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

October 24, 2024 (video conference and in-person)

- Mr. Garcia reported that on October 24, 2024, the Texas State Board of Public Accountancy hosted a training session for state agencies. This session aimed to help agencies receiving reports from CPA firms to assess whether these reports were professionally and competently prepared and met professional standards. The training covered the following topics: the purpose of the Texas *Public Accountancy Act*, common problems in audits, compilations, and reviews, licensing and peer review requirements, the Board's complaint process, resources for state agencies, and included a roundtable discussion for questions.

The training featured presentations by Ray R. Garcia, CPA, TSR Chair, William Treacy, Executive Director, Jerry Hill, General Counsel, Peter DelVecchia, CPA, Consultant, and John Moore, TSR Committee Liaison and Staff Attorney. It was conducted both in-person and virtually, with 48 attendees representing 15 state agencies.

The Board has conducted similar trainings in the past, which were well received, and plans to conduct more in the future.

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

A. **Agreed Consent Orders:**

Mr. Coates moved to approve the following ACOs as presented. Ms. Foshee seconded the motion and it passed unanimously.

Behavior Enforcement Committee

- | | | | |
|-----------------------------|---|-------------------------|-------------------|
| • Investigation No.: | 24-07-06L¹ | Hometown: | Austin, TX |
| Respondent: | James Marcus Neves | Certificate No.: | 057238 |
| 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.

Respondent was convicted of first-degree felony murder.

B. **Administrative Disciplinary Actions:**

Mr. Neuhoﬀ moved to approve the following Administrative Disciplinary Actions as presented. Ms. Merket 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. 24-06-10001 - 24-06-10095
2. 24-07-10001 - 24-07-10071

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. 24-06-10096 - 24-06-10267
4. 24-07-10072 - 24-07-10246

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. 24-06-10268 - 24-06-10278
6. 24-07-10247 - 24-07-10268

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

XIV. Ms. Seefeld moved to adjourn, Mr. Garcia seconded the motion, the meeting adjourned 11:19 a.m.

ATTEST:

Debra D. Seefeld, CPA, Presiding Officer

Renee Foshee, Esq., CPA, Secretary

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

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