

The Executive and Rules Committees of the Texas State Board of Public Accountancy are holding a joint meeting by online video conference call pursuant to §551.127 of the Open Meetings Act. The public may attend the meeting in-person at the office of the Board which is located at 505 E. Huntland Drive, Suite 370, Austin, Texas 78752. The Chairs of the Executive and Rules Committees will be present at the 505 E. Huntland Drive location for the entirety of the meeting. In the alternative, the public may attend the meeting virtually using the following link.

Topic: Joint Executive & Rules Committee Meeting

Time: Jan 15, 2025 01:30 PM Central Time (US and Canada)

<https://www.zoomgov.com/j/1610407593?pwd=XzqGncsWCeSSqzIx2mizlbfoSs5buE.1>

Meeting ID: 161 040 7593

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Meeting ID: 161 040 7593

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

- A. Discussion, consideration, and possible action concerning Board *Rules*.
1. *Section 2001.039* of the *Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's *Chapter 501 Rules (Rules of Professional Conduct)* are presented to the committee for the committee's review and possible action.
 2. Proposed revision to Board *Rule 507.4 (Confidentiality)*.
 3. Schedule next meeting.
- B. Review and possible action on the Board's financial statements.
- C. Discussion, consideration, and possible action on the Board's Equal Employment Opportunity Report - CY - 2024.
- D. Report on Historically Underutilized Business (HUB) Expenditure Summary.
- E. Report on *Eighty-ninth Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* and designating agency representatives.
1. Review of the proposed legislation affecting the *Public Accountancy Act*: S.B. 262, S.B. 522, S.B. 716, and H.B. 587.
 2. Designation of Board representatives to serve as resource witnesses and respond to questions during the 89th session of the Texas Legislature beginning January 14, 2025.
- F. Review of NASBA/AICPA matters:
- NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel, March 25 – 27, 2025 - Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors & Board Staff, March 25 – 27, 2025 - Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025 - Chicago, IL.
- G. Review of general correspondence.

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A. Discussion, consideration, and possible action concerning Board *Rules*.

1. *Section 2001.039* of the *Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's *Chapter 501 Rules (Rules of Professional Conduct)* are presented to the committee for the committee's review and possible action.
2. Proposed revision to Board *Rule 507.4 (Confidentiality)*.
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1. *Section 2001.039* of the *Texas Government Code* requires all state agencies to revise, repeal or readopt all its rules every four years. The Board's Chapter 501 *Rules (Rules of Professional Conduct)* are presented to the committee for the committee's review and possible action.

DISCUSSION: This is the first set of rules being offered to the committee and the Board for consideration of "Rule Review." *Section 2001.039* of the *Government Code* requires all state agencies to review their rules and revise, readopt or repeal them every four years, in order to assure all agency rules are needed and current.

RECOMMENDATION: The staff recommends that the Rules/Executive Committee recommend that the Board authorize the executive director to publish the proposed revisions in the *Texas Register* for public comment and readopt those rules that do not require revision or should not be repealed.

SUGGESTED MOTION: That the Rules/Executive Committee recommend to the Board that it authorize the executive director to publish the proposed revisions to the rules as proposed in the *Texas Register* for public comment and readopt those rules requiring no revision or repeal.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §501.51 Preamble and General Principles

- 4
5 (a) These rules of professional conduct were promulgated under the Public
6 Accountancy Act, which directs the Texas State Board of Public Accountancy to
7 promulgate rules of professional conduct "in order to establish and maintain high
8 standards of competence and integrity in the practice of public accountancy and to
9 ensure that the conduct and competitive practices of licensees serve the purposes of
10 the Act and the best interest of the public."
- 11 (b) The services usually and customarily performed by those in the public, industry, or
12 government practice of accountancy involve a high degree of skill, education, trust, and
13 experience which are professional in scope and nature. The use of professional
14 designations carries an implication of possession of the competence associated with a
15 profession. The public, in general, and the business community, in particular, rely on
16 this professional competence by placing confidence in reports and other services of
17 accountants. The public's reliance, in turn, imposes obligations on persons utilizing
18 professional designations to their clients, employers and to the public in general. These
19 obligations include maintaining independence in fact and in appearance, while in the
20 client practice of public accountancy, continuously improving professional skills,
21 observing GAAP and GAAS, when required, promoting sound and informative financial
22 reporting, holding the affairs of clients and employers in confidence, upholding the
23 standards of the public accountancy profession, and maintaining high standards of
24 personal and professional conduct in all matters.
- 25 (c) The board has an underlying duty to the public to ensure that these obligations are
26 met in order to achieve and maintain a vigorous profession capable of attracting the
27 bright minds essential to adequately serving the public interest.
- 28 (d) These rules recognize the First Amendment rights of the general public as well as
29 licensees and do not restrict the availability of accounting services. However, public
30 accountancy, like other professional services, cannot be commercially exploited without
31 the public being harmed. While information as to the availability of accounting services
32 and qualifications of licensees is desirable, such information should not be transmitted
33 to the public in a misleading fashion.

1 (e) The rules are intended to have application to all kinds of professional services
2 performed in the practice of public accountancy, including services found at §501.52(22)
3 of this chapter (relating to Definitions).

4 (f) Finally, these rules also recognize the duty of certified public accountants to refrain
5 from committing acts discreditable to the profession. These acts, whether or not related
6 to the accountant's practice, impact negatively upon the public's trust in the profession.

7 (g) In the interpretation and enforcement of these rules, the board may consider
8 relevant interpretations, rulings, and opinions issued by the boards of other jurisdictions
9 and appropriate committees of professional organizations, but will not be bound
10 thereby.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §501.52 Definitions

4
5 The following words and terms, when used in title 22, part 22 of the Texas
6 Administrative Code relating to the Texas State Board of Public Accountancy, shall
7 have the following meanings, unless the context clearly indicates otherwise. The
8 masculine shall be construed to include the feminine or neuter and vice versa, and the
9 singular shall be construed to include the plural and vice versa.

10 (1) "Act" means the Public Accountancy Act, Chapter 901, Occupations Code;

11 (2) "Advertisement" means a message which is transmitted to persons by, or at the
12 direction of, a person and which has reference to the availability of the person to
13 perform Professional Accounting Services;

14 (3) "Affiliated entity" means an entity controlling or being controlled by or under
15 common control with another entity, directly or indirectly, through one or more
16 intermediaries;

17 (4) "Attest Service" means:

18 (A) an audit or other engagement required by the board to be performed in
19 accordance with the auditing standards adopted by the AICPA, PCAOB, or another
20 national or international accountancy organization recognized by the board;

21 (B) a review or compilation required by the board to be performed in accordance with
22 standards for accounting and review services adopted by the AICPA or another national
23 or international accountancy organization recognized by the board;

24 (C) an engagement required by the board to be performed in accordance with
25 standards for attestation engagements adopted by the AICPA or another national or
26 international accountancy organization recognized by the board; or

27 (D) any other assurance service required by the board to be performed in accordance
28 with professional standards adopted by the AICPA or another national or international
29 accountancy organization recognized by the board;

30 (5) "Board" means the Texas State Board of Public Accountancy;

31 (6) "Charitable Organization" means an organization which has been granted tax-
32 exempt status under the Internal Revenue Code of 1986, §501(c), as amended;

1 (7) "Client" means a party who enters into an agreement with a license holder or a
2 license holder's employer to receive a professional accounting service or professional
3 accounting work;

4 (8) "Client Practice of Public Accountancy" is the offer to perform or the performance
5 by a person for a client or a potential client of professional accounting services or
6 professional accounting work, and also includes:

7 (A) the advice or recommendations in connection with the sale or offer for sale of
8 products (including the design and implementation of computer software), when the
9 advice or recommendations routinely require or imply the possession of accounting or
10 auditing skills or expert knowledge in auditing or accounting; and

11 (B) the performance of litigation support services;

12 (9) "Commission" means compensation for recommending or referring any product or
13 service to be supplied by another party;

14 (10) "Contingent fee" means a fee for any service where no fee will be charged unless
15 a specified finding or result is attained, or in which the amount of the fee is otherwise
16 dependent upon the finding or result of such service. However, a person's non-
17 Contingent fees may vary depending, for example, on the complexity of the services
18 rendered. Fees are not contingent if they are fixed by courts or governmental entities
19 acting in a judicial or regulatory capacity, or in tax matters if determined based on the
20 results of judicial proceedings or the findings of governmental agencies acting in a
21 judicial or regulatory capacity, or if there is a reasonable expectation of substantive
22 review by a taxing authority;

23 (11) "Financial Statements" means a presentation of financial data, including
24 accompanying notes, derived from accounting records and intended to communicate an
25 entity's economic resources or obligations at a point in time, or the changes therein for a
26 period of time, in accordance with generally accepted accounting principles or other
27 comprehensive basis of accounting. Incidental financial data to support
28 recommendations to a client or in documents for which the reporting is governed by
29 Statements on Standards for Attestation Engagements and tax returns and supporting
30 schedules do not constitute financial statements for the purposes of this definition;

1 (12) "Firm" means a sole proprietorship, partnership, limited liability partnership, limited
2 liability company, corporation or other legally recognized business entity engaged in the
3 practice of public accountancy;

4 (13) "Good standing" means compliance by a licensee with the board's licensing rules,
5 including the mandatory continuing education requirements, Peer Review, and payment
6 of the annual license fee, and any penalties and other costs attached thereto. In the
7 case of board-imposed disciplinary or administrative sanctions, the person must be in
8 compliance with all the provisions of the board order to be considered in good standing;

9 (14) "Licensee" means the holder of a license issued by the board to a person
10 pursuant to the Act, or pursuant to provisions of a prior Act;

11 (15) "Out of state practitioner and out of state firm" means a person licensed in another
12 jurisdiction practicing in Texas pursuant to a practice privilege as provided for in
13 §901.461 and §901.462 of the Act (relating to Practice by Certain Out-of-State Firms
14 and Practice by Out-of-State Practitioner with Substantially Equivalent Qualifications);

15 (16) "Peer Review," "Quality Review" or "Compliance Assurance" means the study,
16 appraisal, or review of the professional accounting work of a public accountancy firm
17 that performs attest services by a certificate holder who is not affiliated with the firm;

18 (17) "Person" means an individual, sole proprietorship, partnership, limited liability
19 partnership, limited liability company, corporation or other legally recognized business
20 entity that provides or offers to provide professional accounting services or professional
21 accounting work as defined in paragraph (22) of this section;

22 (18) "Principal office" means the location specified by the client as the address to
23 which a **client practice of public accounting** service ~~described in §517.1(a)(2) of this~~
24 ~~title (relating to Practice by Certain Out of State Firms)~~ is directed and is synonymous
25 with Home Office where it appears in the Act;

26 (19) "Practice unit" means an office of a firm required to be licensed with the board for
27 the purpose of the client practice of public accountancy;

28 (20) "Practice privilege" means the privilege for an out-of-state person to provide
29 certain Professional Accounting Services or Professional Accounting Work in Texas to
30 the extent permitted under Chapter 517 of this title (relating to Practice by Certain Out of
31 State Firms and Individuals);

1 (21) "Preparation engagement" means the preparation of financial statements that do
2 not include an audit, review or a compilation report on those financial statements in
3 accordance with Standards for Accounting and Review Services adopted by the AICPA;

4 (22) "Professional Accounting Services" or "professional accounting work" means
5 services or work that requires the specialized knowledge or skills associated with
6 certified public accountants, including but not limited to:

- 7 (A) issuing reports on financial statement(s);
- 8 (B) preparation engagements pursuant to SSARS;
- 9 (C) providing management or financial advisory or consulting services;
- 10 (D) preparing tax returns;
- 11 (E) providing advice in tax matters;
- 12 (F) providing forensic accounting services;
- 13 (G) providing internal auditing services;
- 14 (H) accounting, auditing and other assurance services;
- 15 (I) providing litigation support services; and
- 16 (J) recommending the sale of a product if the recommendation requires or implies
17 accounting or auditing skills.

18 (23) "Report" means an opinion, report, or other document, prepared in connection
19 with an attest service that states or implies assurance as to the reliability of financial
20 statement(s); and includes or is accompanied by a statement or implication that the
21 person issuing the opinion, report, or other document has special knowledge or
22 competence in accounting or auditing. A statement or implication of assurance as to the
23 reliability of a financial statement or as to the special knowledge or competence of the
24 person issuing the opinion, report, or other document includes any form of language
25 that is conventionally understood to constitute such a statement or implication. A
26 statement or implication of special knowledge or competence in accounting or auditing
27 may arise from the use by the issuer of the opinion, report, or other document of a name
28 or title indicating that the person is an accountant or auditor; or the language of the
29 opinion, report, or other document itself.

30 (24) Interpretive Comment: The practice of public accountancy is defined in §901.003
31 of the Act (relating to the Practice of Public Accountancy).

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §501.53 Applicability of Rules of Professional Conduct

4
5 (a) All of the rules of professional conduct shall apply to and must be observed by a
6 certificate or registration holder **and any individual who holds a certificate of license**
7 **as a CPA in another state and whose principal place of business is not in this**
8 **state but offers or renders professional accounting services in this state pursuant**
9 **to §901.462 of the Act (relating to Practice by Out-Of-State Practitioner with**
10 **Substantially Equivalent Qualifications)** engaged in the client practice of public
11 accountancy.

12 ~~(b) No certificate or registration holder shall issue, or otherwise be associated with,~~
13 ~~financial statements that do not conform to the accounting principles described in~~
14 ~~§501.61 of this chapter (relating to Accounting Principles).~~

15 **(b) (c) Notwithstanding subsection (a) of this section, the** ~~The~~ following rules of
16 professional conduct shall **be required of all licensees, including licensees**
17 **practicing pursuant to §901.462 of the Act** ~~apply to and be required to be observed~~
18 ~~by certificate or registration holders when not employed in the client practice of public~~
19 ~~accountancy:~~

20 **(1) §501.63(b) of this chapter (relating to Reporting Standards);**

21 **(2) (4) §501.73 of this chapter (relating to Integrity and Objectivity) when in an**
22 **employer/employee relationship;**

23 **(3) (2) §501.74 of this chapter (relating to Competence);**

24 **(4) (3) §501.77 of this chapter (relating to Acting through Others);**

25 **(5) (4) §501.78 of this chapter (relating to Withdrawal or Resignation);**

26 **(6) (5) §501.90 of this chapter (relating to Discreditable Acts);**

27 **(7) (6) §501.91 of this chapter (relating to Reportable Events);**

28 **(8) (7) §501.92 of this chapter (relating to Frivolous Complaints);**

29 **(9) (8) §501.93 of this chapter (relating to Responses); and**

30 **(10) (9) §501.94 of this chapter (relating to Mandatory Continuing Professional**
31 **Education).**

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER A GENERAL PROVISIONS
3 RULE §501.55 Definition of Acronyms

4
5 The following acronyms, when used in Title 22, Part 22 of the Texas Administrative
6 Code relating to the Texas State Board of Public Accountancy, shall have the following
7 meanings:

- 8 (1) "AICPA" means the American Institute of Certified Public Accountants;
- 9 (2) "CPA" means Certified Public Accountant;
- 10 (3) "CPE" means continuing professional education;
- 11 (4) "FASB" means the Financial Accounting Standards Board;
- 12 (5) "GAAP" means Generally Accepted Accounting Principles;
- 13 (6) "GAAS" means Generally Accepted Auditing Standards;
- 14 (7) "GAGAS" means Government Auditing Standards;
- 15 (8) "GASB" means the Governmental Accounting Standards Board;
- 16 (9) "IASB" means the International Accounting Standards Board;
- 17 (10) "IESB" means the International Ethics Standards Board;
- 18 (11) "IFRB" means International Financial Reporting Bulletins;
- 19 (12) "IFRS" means International Financial Reporting Standards;
- 20 (13) "IRS" means the Internal Revenue Service;
- 21 (14) "NASBA" means the National Association of State Boards of Accountancy;
- 22 (15) "NPRC" means the National Peer Review Committee;
- 23 (16) "PCAOB" means the Public Company Accounting Oversight Board;
- 24 (17) "SAS" means Statements on Auditing Standards;
- 25 (18) "SEC" means the United States Securities and Exchange Commission;
- 26 (19) "SOAH" means the State Office of Administrative Hearings;
- 27 (20) "SSAE" means Statements on Standards for Attestation Engagements;
- 28 (21) "SSARS" means Statements on Standards for Accounting and Review Services;
- 29 (22) "SSCS" means Statements on Standards for Consulting Services;
- 30 (23) "SSTS" means Statements on Standards for Tax Services;
- 31 (24) "TXCPA" means the Texas Society of Certified Public Accountants;
- 32 (25) "UAA" means the Uniform Accountancy Act;
- 33 (26) "UCPAE" means the Uniform Certified Public Accountant Examination;

- 1 (27) "U.S. GAO" means the United States Government Accountability Office; and
- 2 (28) "U.S. IQAB" means the United States International Qualifications Appraisal Board.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER B PROFESSIONAL STANDARDS
3 RULE §501.60 Auditing Standards

4
5 A person shall not permit his name to be associated with financial statements in such a
6 manner as to imply that he is acting as an auditor with respect to such financial
7 statements, unless he has complied with GAAS. Each of the following are considered to
8 be sources of GAAS:

9 (1) SAS issued by the AICPA;

10 (2) auditing standards included in Standards for Audit of Government Organizations,
11 Programs, Activities and Functions issued by the U.S. GAO;

12 (3) auditing and related professional practice standards to be used by registered public
13 accounting firms issued by the PCAOB; as well as,

14 (4) other pronouncements having similar generally recognized authority.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER B PROFESSIONAL STANDARDS
3 RULE §501.61 Accounting Principles

4
5 A person, whether or not practicing under a practice privilege as provided for in
6 §901.462 of the Act (relating to Practice by Out-of-State Practitioner With Substantially
7 Equivalent Qualifications), shall not issue a report asserting that financial statements
8 are presented in conformity with GAAP if such financial statements contain any
9 departure from such accounting principles which has a material effect on the financial
10 statements taken as a whole, unless the person, whether or not practicing under a
11 practice privilege as provided for in §901.462 of the Act can demonstrate that by reason
12 of unusual circumstances the financial statement(s) would otherwise be misleading. The
13 report must describe the departure, the approximate effects thereof, if practicable, and
14 the reasons why compliance with GAAP would result in a misleading statement. For
15 purposes of this section, GAAP is considered to be defined by pronouncements issued
16 by FASB and its predecessor entities and similar pronouncements issued by other
17 entities having similar generally recognized authority.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER B PROFESSIONAL STANDARDS
3 RULE §501.62 Other Professional Standards

4
5 A person in the performance of consulting services, accounting and review services,
6 any other attest service, financial advisory services, or tax services shall conform to the
7 professional standards applicable to such services. For purposes of this section, such
8 professional standards are considered to be interpreted by:

- 9 (1) AICPA issued standards, including but not limited to:
- 10 (A) Statements on Standards on Consulting Services (SSCS);
 - 11 (B) Statements on Standards for Accounting and Review Services (SSARS);
 - 12 (C) Statements on Standards for Attestation Engagements (SSAE);
 - 13 (D) Statements on Standards for Tax Services (SSTS);
 - 14 (E) Statements on Standards for Financial Planning Services (SSFPS);
 - 15 (F) Statements on Standards for Valuation Services (SSVS); or
 - 16 (G) Statements on Standards for Forensic Services (SSFS).
- 17 (2) Pronouncements by other professional entities having similar national or
18 international authority recognized by the board including but not limited to the
19 International Financial Reporting Standards (IFRS) promulgated by the International
20 Accounting Standards Board (IASB).

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER B PROFESSIONAL STANDARDS
3 RULE §501.63 Reporting Standards

4
5 (a) A licensee in the client practice of public accountancy must comply with SSARS or
6 another similar standard of a national or international accountancy organization
7 recognized by the board when transmitting a client's financial statements to the client or
8 a third party.

9 (b) A licensee not employed in the client practice of public accountancy may prepare his
10 employer's financial statements and may issue non-attest transmittals or information
11 regarding non-attest transmittals without a firm license, provided those transmittals do
12 not purport to be in compliance with SSARS or any other similar standard of a national
13 or international accountancy organization recognized by the board.

14 **(c) A licensee performing a preparation engagement is not required to enroll in**
15 **peer review.**

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.70 Independence

4
5 A person in the performance of professional accounting services or professional
6 accounting work, including those who are not members of the AICPA, shall conform in
7 fact and in appearance to the independence standards established by the AICPA and
8 the board, and, where applicable, the SEC, the U.S. GAO, the PCAOB and other
9 national or international regulatory or professional standard setting bodies.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.71 Receipt of Commission, Compensation or Other Benefit

- 4
5 (a) A person shall not for a commission, compensation or other benefit recommend or
6 refer to a client any product or service or refer any product or service to be supplied to a
7 client, or receive a commission, compensation or other benefit when the person also
8 performs services for that client requiring independence under §501.70 of this chapter
9 (relating to Independence).
- 10 (b) This prohibition applies during the period in which the person is engaged to perform
11 any of the services requiring independence and during the period covered by any of the
12 historical financial statements involved in such services requiring independence.
- 13 (c) A person who receives, expects or agrees to receive, pays, expects or agrees to
14 pay, other compensation in exchange for services or products recommended, referred,
15 or sold by him shall, no later than the making of such recommendation, referral, or sale,
16 disclose to the client in writing the nature, source, and amount, or an estimate of the
17 amount when the amount is not known, of all such other compensation.
- 18 (d) This section does not apply to payments received from the sale of all, or a material
19 part, of an accounting practice, or to retirement payments.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.72 Contingency Fees

4
5 (a) A person shall not perform for a contingent fee any professional accounting services
6 or professional accounting work for, or receive such a fee from, a client for whom the
7 person performs professional accounting services or professional accounting work
8 requiring independence under §501.70 of this chapter (relating to Independence).

9 (b) A person shall not prepare an original or amended federal, state, local or other
10 jurisdiction tax return for a contingent fee for any client during the period in which the
11 person is engaged to perform any of the services referenced by subsection (a) of this
12 section and the period covered by any historical or prospective financial statements
13 involved in any of the referenced services. Fees are not contingent if they are fixed by
14 courts or governmental entities acting in a judicial or regulatory capacity, or in tax
15 matters if determined based on the results of judicial proceedings or the findings of
16 governmental agencies acting in a judicial or regulatory capacity, or if there is a
17 reasonable expectation of substantive review by a taxing authority.

18 (c) A person shall not perform an engagement as a testifying accounting expert for a
19 contingent fee. A testifying accounting expert is one that at any time during the
20 proceeding becomes subject to disclosure and discovery under the procedural rules of
21 the forum where the matter for which his services were engaged is pending.

22 (d) The prohibitions outlined in subsections (a) and (b) of this section apply during any
23 period in which the person is engaged to perform any of the services referenced by
24 subsections (a) and (b) of this section, and the period covered by any historical or
25 prospective financial statements involved in any of the referenced services.

26 (e) Interpretive Comment: A consulting accounting expert may become a testifying
27 accounting expert when the client for whom he is working makes his work available to a
28 testifying expert. A consulting accounting expert who is working on a contingent fee
29 basis should work closely with his client to ensure that he does not inadvertently
30 become a testifying expert through the actions of his client. An accounting expert may
31 not accept a contingent fee for part of an engagement and a set fee for part of the same
32 engagement. A consulting accounting expert who becomes a testifying expert may not
33 accept a contingent fee for the part of his work done as a consultant, but must be

- 1 compensated on a set fee basis for all of the work performed on the same engagement.
- 2 A consulting accounting expert who enters into a contingent fee engagement should
- 3 reach an agreement, preferably in writing, with the client as to how he will be
- 4 compensated should he become a testifying expert prior to beginning the engagement.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.73 Integrity and Objectivity

4
5 (a) A person in the performance of professional accounting services or professional
6 accounting work shall maintain integrity and objectivity, shall be free of conflicts of
7 interest and shall not knowingly misrepresent facts nor subordinate his or her judgment
8 to others. In tax practice, however, a person may resolve doubt in favor of his client as
9 long as any tax position taken complies with applicable standards such as those set
10 forth in Circular 230 issued by the IRS and the AICPA's SSTs.

11 (b) A conflict of interest may occur if a person performs a professional accounting
12 service or professional accounting work for a client or employer and the person has a
13 relationship with another person, entity, product, or service that could, in the person's
14 professional judgment, be viewed by the client, employer, or other appropriate parties
15 as impairing the person's objectivity. If the person believes that the professional
16 accounting service or professional accounting work can be performed with objectivity,
17 and the relationship is disclosed to and consent is obtained from such client, employer,
18 or other appropriate parties in writing, then this rule shall not operate to prohibit the
19 performance of the professional accounting service or professional accounting work
20 because of a conflict of interest.

21 (c) Certain professional engagements, such as audits, reviews, and other services,
22 require independence. Independence impairments under §501.70 of this chapter
23 (relating to Independence), its interpretations and rulings cannot be eliminated by
24 disclosure and consent.

25 (d) A person shall not concurrently engage in the practice of public accountancy and in
26 any other business or occupation which impairs independence or objectivity in rendering
27 professional accounting services or professional accounting work, or which is conducted
28 so as to augment or benefit the accounting practice unless these rules are observed in
29 the conduct thereof.

30 (e) Interpretive comment: An email communication will satisfy the requirement for
31 written disclosure of a conflict of interest in subsection (b) of this section.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.74 Competence

4
5 (a) A person shall not undertake any engagement for the performance of professional
6 accounting services or professional accounting work which he cannot reasonably
7 expect to complete with due professional competence, including compliance, where
8 applicable, with §501.60 of this chapter (relating to Auditing Standards), §501.61 of this
9 chapter (relating to Accounting Principles), and §501.62 of this chapter (relating to Other
10 Professional Standards).

11 (1) Competence to perform professional accounting services or professional
12 accounting work involves both the technical qualifications of the person and the
13 person's staff and the ability to supervise and evaluate the quality of the work being
14 performed.

15 (2) If a person is unable to gain sufficient competence to perform professional
16 accounting services or professional accounting work, the person shall suggest to the
17 client the engagement of someone competent to perform the needed professional
18 accounting or professional accounting work service, either independently or as an
19 associate.

20 (b) A person shall exercise due professional care in the performance of professional
21 services.

22 (c) A person shall adequately plan and supervise the performance of professional
23 services.

24 (d) A person shall obtain and maintain appropriate documentation to afford a
25 reasonable basis for conclusions and recommendations in relation to any professional
26 services performed.

27 (e) Interpretive comment: The person may have the knowledge required to complete the
28 professional services with competence prior to performance. In some cases, however,
29 additional research or consultation with others may be necessary during the
30 performance of the professional services.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.75 Confidential Client Communications

4
5 (a) Except by permission of the client or the authorized representatives of the client, a
6 person or any partner, member, officer, shareholder, or employee of a person shall not
7 voluntarily disclose information communicated to him by the client relating to, and in
8 connection with, professional accounting services or professional accounting work
9 rendered to the client by the person. Such information shall be deemed confidential.

10 The following includes, but is not limited to, examples of authorized representatives:

11 (1) the authorized representative of a successor entity becomes the authorized
12 representative of the predecessor entity when the predecessor entity ceases to exist
13 and no one exists to give permission on behalf of the predecessor entity; and

14 (2) an executor/administrator of the estate of a deceased client possessing an order
15 signed by a judge is an authorized representative of the estate.

16 (b) The provisions contained in subsection (a) of this section do not prohibit the
17 disclosure of information required to be disclosed:

18 (1) by the professional standards for reporting on the examination of a financial
19 statement and identified in Chapter 501, Subchapter B of this title (relating to
20 Professional Standards);

21 (2) by applicable federal laws, federal government regulations, including requirements
22 of the PCAOB;

23 (3) under a summons or subpoena under the provisions of the Internal Revenue Code
24 of 1986 and its subsequent amendments, a summons under the provisions of the
25 Securities Act of 1933 (15 U.S.C. Section 77a et seq.) and its subsequent amendments,
26 or a summons under the provisions of the Securities Exchange Act of 1934 (15 U.S.C.
27 Section 78a et seq.) and its subsequent amendments, the Securities Act (Article 581-1
28 et seq., Vernon's Texas Civil Statutes), Texas Revised Civil Statutes Annotated;

29 (4) under a court order signed by a judge if the court order:

30 (A) is addressed to the license holder;

31 (B) mentions the client by name; and

32 (C) requests specific information concerning the client.

1 (5) by the public accounting profession in reporting on the examination of financial
2 statements;

3 (6) by a congressional or grand jury subpoena;

4 (7) in investigations or proceedings conducted by the board;

5 (8) in ethical investigations conducted by a private professional organization of certified
6 public accountants;

7 (9) in a peer review; or

8 (10) in the course of a practice review by another CPA or CPA firm for a potential
9 acquisition in conjunction with a prospective purchase, sale, or merger of all or part of a
10 member's practice if both firms enter into a written nondisclosure agreement with regard
11 to all client information shared between the firms.

12 (c) The provisions contained in subsection (a) of this section do not prohibit the
13 disclosure of information already made public, including information disclosed to others
14 not having a confidential communications relationship with the client or authorized
15 representative of the client.

16 (d) A person in the client practice of public accountancy shall take all reasonable
17 measures to maintain the confidentiality of the client records and shall immediately upon
18 becoming aware of the loss of, or loss of control over, the confidentiality of those
19 records notify the client affected in writing of the date and time of the loss if known. Loss
20 includes a cybersecurity breach or other incident exposing the records to a third party or
21 parties without the client's consent or the loss of the client records or the loss of control
22 over the client records. Persons have a responsibility to maintain a back-up system in
23 order to be able to immediately identify and notify clients of a loss.

24 (e) Interpretive comment. The definition of a successor entity as referenced in
25 subsection (a)(1) of this section does not include the purchaser of all assets of an entity.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.76 Records and Work Papers

4
5 (a) Records.

6 (1) A person shall return original client records to a client or former client within a
7 reasonable time (promptly, not to exceed 10 business days) after the client or former
8 client has made a request for those records. Original client records are those records
9 provided to the person by the client or former client in order for the person to provide
10 professional accounting services to the client or former client. Original client records
11 also include those documents obtained by the person on behalf of the client or former
12 client in order for the person to provide professional accounting services to the client or
13 former client and do not include the electronic and hard copies of internal work papers.
14 The person shall provide these records to the client or former client, regardless of the
15 status of the client's or former client's account and cannot charge a fee to provide such
16 records. Such records shall be returned to the client or former client in the same format,
17 to the extent possible, that they were provided to the person by the client or former
18 client. The person may make copies of such records and retain those copies.

19 (2) Unless the person and the client have agreed in writing to the contrary:

20 (A) A person's work papers, to the extent that such work papers include records
21 which would ordinarily constitute part of the client's or former client's books and records
22 and are not otherwise available to the client or former client, shall also be furnished to
23 the client within a reasonable time (promptly, not to exceed 20 business days) after the
24 client has made a request for those records. The person can charge a reasonable fee
25 for providing such work papers.

26 (B) Such work papers shall be in a format that the client or former client can
27 reasonably expect to use for the purpose of accessing such work papers. The person is
28 not required to convert records that are not in electronic format to electronic format or to
29 convert electronic records into a different type of electronic format. However, if the client
30 requests records in a specific format, and the records are available in such format within
31 the person's custody and control, the client's request shall be honored.

32 (C) The person is not required to provide the client with proprietary formulas.

1 (D) The person is not required to provide the client with other formulas unless the
2 formulas support the client's accounting or other records or the person was engaged to
3 provide such formulas as part of a completed work product.

4 (3) Work papers which constitute client records include, but are not limited to:

5 (A) documents in lieu of books of original entry such as listings and distributions of
6 cash receipts or cash disbursements;

7 (B) documents in lieu of general ledger or subsidiary ledgers, such as accounts
8 receivable, job cost and equipment ledgers, or similar depreciation records;

9 (C) all adjusting and closing journal entries and supporting details when the
10 supporting details are not fully set forth in the explanation of the journal entry; and

11 (D) consolidating or combining journal entries and documents and supporting detail in
12 arriving at final figures incorporated in an end product such as financial statements or
13 tax returns.

14 (b) Work papers. Work papers, regardless of format, are those documents developed by
15 the person incident to the performance of his engagement which do not constitute
16 records that must be returned to the client in accordance with subsection (a) of this
17 section. Work papers developed by a person during the course of a professional
18 engagement as a basis for, and in support of, an accounting, audit, consulting, tax, or
19 other professional report prepared by the person for a client, shall be and remain the
20 property of the person who developed the work papers.

21 (c) For a reasonable charge, a person shall furnish to his client or former client, upon
22 request from his client made within a reasonable time after original issuance of the
23 document in question:

24 (1) a copy of the client's tax return; or

25 (2) a copy of any report or other document previously issued by the person to or for
26 such client or former client provided that furnishing such reports to or for a client or
27 former client would not cause the person to be in violation of the portions of §501.60 of
28 this chapter (relating to Auditing Standards) concerning subsequent events.

29 (d) This rule imposes no obligation on the person who provides services to a business
30 entity to provide documents to anyone involved with the entity except the authorized
31 representative of the entity.

- 1 (e) Documentation or work documents required by professional standards for attest
2 services shall be maintained in paper or electronic format by a person for a period of not
3 less than five years from the date of any report issued in connection with the attest
4 service, unless otherwise required by another regulatory body. Failure to maintain such
5 documentation or work papers constitutes a violation of this section and may be
6 deemed an admission that they do not comply with professional standards.
- 7 (f) Interpretive Comment: It is recommended that a person obtain a receipt or other
8 written documentation of the delivery of records to a client.
- 9 (g) Interpretive Comment: For the purposes of this rule, client records include:
- 10 (1) backup or working files of commercially available software along with any
11 passwords needed to access such files; or
- 12 (2) client files from commercially available tax return preparation software including
13 any passwords needed to access such files.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.77 Acting through Others

- 4
5 (a) A person shall not permit others including non-CPA owners and employees, to carry
6 out on his behalf, either with or without compensation, acts, which, if carried out by the
7 person, would place him in violation of these rules of professional conduct.
8 (b) The board shall consider that the conduct of any non-CPA owner or employee in
9 connection with the business of a licensed firm as the conduct of that licensed firm for
10 the purposes of the rules of professional conduct.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.78 Withdrawal or Resignation

- 4
5 (a) If a person cannot complete an engagement to provide professional accounting
6 services and professional accounting work or employment assignment in a manner that
7 complies with the requirements of this chapter, the person shall withdraw from the
8 engagement or resign from the employment assignment.
- 9 (b) If a person withdraws from an engagement or resigns from an employment
10 assignment pursuant to this section, the person shall inform the client or employer of the
11 withdrawal or resignation.
- 12 (c) Interpretive Comment: Any withdrawal or resignation shall be in writing. A person
13 shall comply with the requirements of §501.75 of this chapter (relating to Confidential
14 Client Communications) and §501.90(17) of this chapter (relating to Discreditable Acts)
15 regarding confidential information of clients and employers during and after a withdrawal
16 or resignation executed pursuant to this section. For purposes of this section, an
17 engagement commences once an engagement letter is signed by the client, time is
18 charged to the engagement, or compensation is received by a person in connection with
19 an engagement or employment assignment.
- 20 (d) Interpretive comment: An email communication will satisfy the requirement for
21 written disclosure of a withdrawal or resignation in subsection (c) of this section.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER C RESPONSIBILITIES TO CLIENTS
3 RULE §501.79 Transfer or Return of Files Resulting from the Sale, Transfer,
4 Discontinuation or Acquisition of Practice

5
6 **(a) A licensee or licensee's firm that sells or transfers all or part of the licensee's**
7 **practice to another person, firm, or entity, and is employed by the firm or retains**
8 **ownership in the firm, is required to notify the clients of the change in ownership within**
9 **30 days of the sale or transfer.**

10 **(b) A licensee or licensee's firm that sells or transfers all or part of the licensee's**
11 **practice to another person, firm, or entity and will no longer be employed by or retain**
12 **any ownership in the practice is required to:**

13 **(1) submit a written request to each client subject to the sale or transfer, requesting the**
14 **client's consent to transfer its files to the successor firm. The licensee should not**
15 **transfer any client files to the successor firm until the client's consent is obtained. The**
16 **licensee is required to retain evidence of consent for at least five years from the date of**
17 **sale or transfer of the firm;**

18 **(2) arrange to return any client records, not transferred to the new firm, unless the**
19 **licensee and client agree to some other arrangement; and**

20 **(3) retain in a confidential manner, client files where the licensee is unable to contact**
21 **the client, for at least five years from the sale or transfer. When practicing before the**
22 **IRS or other taxing authorities or regulatory bodies, licensees should ensure compliance**
23 **with the most restrictive retention requirements.**

24 **(c) A licensee who discontinues his or her practice but does not sell or transfer the**
25 **practice to a successor firm, is required within 30 days of the discontinuation of the**
26 **practice to:**

27 **(1) Notify each client in writing of the discontinuation of the practice. The licensee must**
28 **retain evidence of notification made to clients for at least five years. The licensee is not**
29 **required to provide notification to former clients of the firm.**

30 **(2) Return any client records that the licensee is required to provide to the client,**
31 **unless the licensee and client agree to some other arrangement.**

32 **(3) Retain in a confidential manner, client files where the licensee is unable to contact**
33 **the client, for at least five years from the discontinuation of the practice. When practicing**

1 **before the IRS or other taxing authorities or regulatory bodies, licensees should ensure**
2 **compliance with any retention requirements that are more restrictive.**
3 **(d) A licensee who acquires all or part of a practice from another person, firm, or entity**
4 **(predecessor firm) should be satisfied that all clients of the predecessor firm subject to**
5 **the acquisition have consented to the licensee's continuation of professional services**
6 **and retention of any client files or records the successor firm retains.**

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.80 Practice of Public Accountancy

4
5 (a) A person may not engage in the practice of public accountancy unless he holds a
6 valid license or qualifies under a practice privilege. A person may not use the title or
7 designation "certified public accountant," the abbreviation "CPA," or any other title,
8 designation, word, letter, abbreviation, sign, card, or device tending to indicate that the
9 person is a CPA unless he holds a valid license issued by the board or qualifies under a
10 practice privilege. A license is not valid for any date or for any period prior to the date it
11 is issued by the board and it automatically expires and is no longer valid after the end of
12 the period for which it is issued.

13 (b) Any licensee of this board in good standing as a CPA or public accountant may use
14 such designation whether or not the licensee is in the client, industry, or government
15 practice of public accountancy. However, a licensee who is not in the client practice of
16 public accountancy may not in any manner, through use of the CPA designation or
17 otherwise, claim or imply independence from his employer or that the licensee is in the
18 client practice of public accountancy.

19 (c) Interpretive Comment: This section incorporates the definitions of the practice of
20 public accountancy and professional services and accounting work found in §501.52(8)
21 and (22) of this chapter (relating to Definitions) as well as §901.003 of the Act (relating
22 to Practice of Public Accountancy).

23 (d) Interpretive Comment: This section incorporates §§901.451 - 901.453 of the Act
24 (relating to the Use of Title or Abbreviation for "Certified Public Accountant;" Use of Title
25 or Abbreviation for "Public Accountant;" and Use of Other Titles or Abbreviations).

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.81 Firm Licensing

4
5 (a) A firm, may not provide or offer to provide attest services or use the title "CPA,"
6 "CPAs," "CPA Firm," "Certified Public Accountants," "Certified Public Accounting Firm,"
7 or "Auditing Firm" or any variation of those titles unless the firm holds a firm license
8 issued by the board or qualifies under a practice privilege. A firm license is not valid for
9 any date or for any period prior to the date it is issued by the board and it automatically
10 expires and is no longer valid after the end of the period for which it is issued. A firm
11 license does not expire when the application for license renewal is received by the
12 board prior to its expiration date. An expiration date for a firm license may be extended
13 by the board, in its sole discretion, upon a demonstration of extenuating circumstances
14 that prevented the firm from timely applying for or renewing a firm license.

15 (b) A firm is required to hold a license issued by the board if the firm establishes or
16 maintains an office in this state.

17 (c) Each advertisement or written promotional statement that refers to a CPA's
18 designation and his or her association with an unlicensed entity in the client practice of
19 public accountancy must include the disclaimer: "This firm is not a CPA firm **and these**
20 **services are not regulated by the TSBPA.**" The disclaimer must be included in
21 conspicuous proximity to the name of the unlicensed entity and be printed in **a size at**
22 **least equal to, and a** type not less bold than that contained in the body of the
23 advertisement or written statement. If the advertisement is in audio format only, the
24 disclaimer shall be clearly declared at the conclusion of each such presentation.

25 (d) The requirements of subsection (c) of this section do not apply with regard to a
26 person performing services:

27 (1) as a licensed attorney at law of this state while in the practice of law or as an
28 employee of a licensed attorney when acting within the scope of the attorney's practice
29 of law;

30 (2) as an employee, officer, or director of a federally-insured depository institution,
31 when lawfully acting within the scope of the legally permitted activities of the institution's
32 trust department; or

33 (3) pursuant to a practice privilege.

1 (e) On the determination by the board that a person has practiced without a license or
2 through an unlicensed firm in violation of subsection (c) of this section, the person's
3 certificate shall be subject to revocation and may not be reinstated for at least 12
4 months from the date of the revocation.

5 (f) Interpretive Comment: A person who is employed by an unlicensed firm that offers
6 services that fall within the definitions of the client practice of public accountancy as
7 defined in §501.52(8) and (22) of this chapter (relating to Definitions) and §901.003 of
8 the Act (relating to Practice of Public Accountancy) must comply with the disclaimer
9 requirement found in subsection (c) of this section.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.82 Advertising

- 4
5 (a) A person shall not use or participate in the use of:
- 6 (1) any communication having reference to the person's professional services that
 - 7 contains a false, fraudulent, misleading or deceptive statement or claim;
 - 8 (2) any communication that refers to the person's professional services that is
 - 9 accomplished or accompanied by coercion, duress, compulsion, intimidation, threats,
 - 10 overreaching, or vexatious or harassing conduct; nor
 - 11 (3) a name that is misleading as to the identity of the individual practicing under such
 - 12 name.
- 13 (b) Definitions:
- 14 (1) A "false, fraudulent, misleading or deceptive statement or claim" includes, but is not
 - 15 limited to, a statement or claim which:
 - 16 (A) contain a misrepresentation of fact;
 - 17 (B) is likely to mislead or deceive because it fails to make full disclosure of relevant
 - 18 facts;
 - 19 (C) is intended or likely to create false or unjustified expectations of favorable results;
 - 20 (D) implies educational or professional attainments or licensing recognition not
 - 21 supported in fact;
 - 22 (E) represents that professional accounting services can or will be completely
 - 23 performed for a stated fee when this is not the case, or makes representations with
 - 24 respect to fees for professional accounting services that do not disclose all variables
 - 25 that may reasonably be expected to affect the fees that will in fact be charged;
 - 26 (F) contains other representations or implications that in reasonable probability will
 - 27 cause a reasonably prudent person to misunderstand or be deceived;
 - 28 (G) implies the ability to improperly influence any court, tribunal, regulatory agency or
 - 29 similar body or official due to some special relations;
 - 30 (H) consists of self-laudatory statements that are not based on verifiable facts;
 - 31 (I) makes untrue comparisons with other accountants; or
 - 32 (J) contains testimonials or endorsements that are not based upon verifiable facts.

- 1 (2) Broadcast--Any transmission over the airwaves or over a cable, wireline, Internet,
2 cellular, e-mail system or any other electronic means.
- 3 (3) Coercion--Compelling by force or threat of force so that one is constrained to do
4 what his free will would otherwise refuse.
- 5 (4) Compulsion--Driving or urging by force or by physical or mental constraint to
6 perform or forbear from performing an act.
- 7 (5) Direct personal communication--Either a face-to-face meeting or a conversation by
8 telephone.
- 9 (6) Duress--Any conduct which overpowers the will of another.
- 10 (7) Harassing--Any word, gesture, or action which tends to alarm and verbally abuse
11 another person.
- 12 (8) Intimidation--Willfully to take, or attempt to take, by putting in fear of bodily harm.
- 13 (9) Overreaching--Tricking, outwitting, or cheating anyone into doing an act which he
14 would not otherwise do.
- 15 (10) Threats--Any menace of such a nature and extent as to unsettle the mind of
16 anyone on whom it operates, and to take away from his acts that free and voluntary
17 action which alone constitutes consent.
- 18 (11) Vexatious--Irritating or annoying.
- 19 (c) It is a violation of these rules for a person to persist in contacting a prospective client
20 when the prospective client has made known to the person, or the person should have
21 known the prospective client's desire not to be contacted by the person.
- 22 (d) In the case of an electronic or direct mail communication, the person shall retain a
23 copy of the actual communication along with a list or other description of parties to
24 whom the communication was distributed. Such copy shall be retained by the person for
25 a period of at least 36 months from the date of its last distribution.
- 26 (e) Subsection (d) of this section does not apply to anyone when:
- 27 (1) the communication is made to anyone who is at that time a client of the person;
28 (2) the communication is invited by anyone to whom it was made; or
29 (3) the communication is made to anyone seeking to secure the performance of
30 professional accounting services.
- 31 (f) In the case of broadcasting, the broadcast shall be recorded and the person shall
32 retain a recording of the actual transmission for at least 36 months.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.83 Firm Names

4
5 (a) General rules applicable to all firms:

6 (1) A firm name may not contain words, abbreviations or other language that are
7 misleading to the public, or that may cause confusion to the public as to the legal form
8 or ownership of the firm.

9 (2) A firm licensed by the board may not conduct business, perform or offer to perform
10 services for or provide products to a client under a name other than the name in which
11 the firm is licensed.

12 (3) A word, abbreviation or other language is presumed to be misleading if it:

13 (A) is a trade name or assumed name that does not comply with paragraph (4)(A) or
14 (B) of this subsection;

15 (B) states or implies the quality of services offered, special expertise, expectation as
16 to outcomes or favorable results, or geographic area of service;

17 (C) includes the name of a non-owner of the firm;

18 (D) includes the name of a non-CPA, except as provided in paragraph (4)(B) of this
19 subsection;

20 (E) states or implies educational or professional attainment not supported in fact;

21 (F) states or implies licensing recognition for the firm or any of its owners not
22 supported in fact;

23 (G) includes a designation such as "and company," "associates," "and associates,"
24 "group" or abbreviations thereof or similar designations implying that the firm has more
25 than one employed licensee unless there are at least two employed licensees involved
26 in the practice. Independent contractors are not considered employees under this
27 subsection; or

28 (H) includes the designation "company" when it is a one licensee sole proprietorship.

29 (4) A word, abbreviation or other language is presumed not misleading if it:

30 (A) is the licensee's full name, the licensee's surname, or full or last initials of one or
31 more current or former CPA owners of the firm, its predecessor firm or successor firm;

32 (B) is the name, surname, or initials of one or more current or former foreign
33 practitioner owners of the firm, its predecessor firm or successor firm who are or would

1 have been eligible to practice public accountancy in this state pursuant to §901.355 of
2 the Act (relating to Registration for Certain Foreign Applicants);
3 (C) indicates the legal organization of the firm; or
4 (D) states or implies a limitation on the type of service offered by the firm, such as
5 "tax," "audit" or "investment advisory services," provided the firm in fact principally limits
6 its practice to the type of service indicated in the name.
7 (5) The board may place conditions on the licensing of a firm in order to ensure
8 compliance with the provisions of this section.
9 (b) Additional Requirements Based on Legal Form or Ownership.
10 (1) The names of a corporation, professional corporation, limited liability partnership,
11 professional limited liability company or other similar legal forms of ownership must
12 contain the form of ownership or an abbreviation thereof, such as "Inc.," "P.C.," "L.L.P."
13 or "P.L.L.C."; except that a limited liability partnership organized before September 1,
14 1993 is not required to utilize the words "limited liability partnership" or any abbreviation
15 thereof.
16 (2) Sole Proprietorships:
17 (A) The name of a firm that is a sole proprietor must contain the surname of the sole
18 proprietor as it appears on the individual license issued to the sole proprietor by the
19 board.
20 (B) A partner surviving the death of all other partners may continue to practice under
21 the partnership name for up to two years after becoming a sole proprietor,
22 notwithstanding subsection (d) of this section.
23 (c) The name of any current or former owner may not be used in a firm name during any
24 period when such owner is prohibited from practicing public accountancy and prohibited
25 from using the title "certified public accountant," "public accountant" or any abbreviation
26 thereof, unless specifically permitted by the board.
27 (d) A firm licensed by the board is required to report to the board any change in the
28 legal organization of the firm and amend the firm name to comply with this section
29 regarding firm names for the new organization within thirty days of the effective date of
30 such change.
31 (e) This section regarding firm names does not affect firms licensed by the board prior
32 to the effective date of this section, but does apply to any change in legal organization

1 or name that occurs after the effective date of this section. Nothing in this subsection
2 prohibits the board from placing conditions on the licensing of a firm pursuant to
3 subsection (a)(5) of this section at the time of renewal of the firm license.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.84 Form of Practice

4
5 A person may practice public accountancy only in a sole proprietorship, partnership,
6 limited liability partnership, limited liability company, corporation or other legally
7 recognized business entity that provides professional accounting services or
8 professional accounting work, organized under the laws of the State of Texas or an
9 equivalent law of another jurisdiction, or as an employee of one of these entities.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER D RESPONSIBILITIES TO THE PUBLIC
3 RULE §501.85 Complaint Notice

4
5 When a person receives a complaint that an alleged violation of the Act or Rules of
6 Professional Conduct has occurred, a person shall provide to the complainant a
7 statement that: Complaints concerning Certified Public Accountants may be addressed
8 in writing to the Texas State Board of Public Accountancy at the board's address as it
9 appears on its website at www.tsbpa.texas.gov or enforcement@tsbpa.texas.gov.

4
5 **A discreditable act evidences a lack of integrity and reflects adversely on that**
6 **person's fitness to engage in the practice of public accountancy.** ~~A person shall~~
7 ~~not commit any act that reflects adversely on that person's fitness to engage in the~~
8 ~~practice of public accountancy.~~ **The** ~~A discreditable act includes but is not limited to and~~
9 ~~the~~ board may discipline a person for the following **discreditable acts**:

10 (1) fraud or deceit in obtaining a certificate as a CPA or in obtaining registration under
11 the Act or in obtaining a license to practice public accounting;

12 (2) dishonesty, fraud or gross negligence in the practice of public accountancy;

13 (3) violation of any of the provisions of Subchapter J or §901.458 of the Act (relating to
14 Loss of Independence) applicable to a person certified or registered by the board;

15 (4) final conviction of a felony or imposition of deferred adjudication or community
16 supervision in connection with a criminal prosecution of a felony under the laws of any
17 state or the United States;

18 (5) final conviction of any crime or imposition of deferred adjudication or community
19 supervision in connection with a criminal prosecution, an element of which is dishonesty
20 or fraud under the laws of any state or the United States, a criminal prosecution for a
21 crime of moral turpitude, a criminal prosecution involving alcohol abuse or controlled
22 substances, or a criminal prosecution for a crime involving physical harm or the threat of
23 physical harm;

24 (6) a revocation, cancellation, placement on probation, limitation on the scope of
25 practice, or suspension by another state, or a refusal of renewal by another state, of the
26 authority issued by that state to the person, or to the person's partner, member, or
27 shareholder, to engage in the practice of public accountancy for a reason other than the
28 failure to pay the appropriate authorization fee;

29 (7) suspension or revocation of or any consent decree concerning the right to practice
30 before any state or federal regulatory or licensing body for a cause which in the opinion
31 of the board warrants its action;

32 (8) a final finding of conduct by state or federal courts of competent jurisdiction,
33 agencies, boards, local governments or commissions for violations of state or federal

1 laws or rules or findings of unethical conduct by licensees that engage in activities
2 regulated by entities including but not limited to: the Public Company Accounting
3 Oversight Board, Internal Revenue Service, U.S. Securities and Exchange Commission,
4 U.S. Department of Labor, U.S. General Accounting Office, U.S. Housing and Urban
5 Development, Texas State Auditor, Texas Comptroller of Public Accounts, Texas
6 Securities Board, Texas Department of Insurance, and the Texas Secretary of State;

7 (9) knowingly participating in the preparation of a false or misleading financial
8 statement or tax return;

9 (10) fiscal dishonesty or breach of fiduciary responsibility of any type;

10 (11) failure to comply with a final order of any state or federal court;

11 (12) repeated failure to respond to a client's inquiry within a reasonable time without
12 good cause;

13 (13) intentionally misrepresenting facts or making a misleading or deceitful statement
14 to a client, the board, board staff or any person acting on behalf of the board;

15 (14) giving intentional false sworn testimony or perjury in court or in connection with
16 discovery in a court proceeding or in any communication to the board or any other
17 federal or state regulatory or licensing body;

18 (15) threats of bodily harm or retribution to a client;

19 (16) public allegations of a lack of mental capacity of a client which cannot be
20 supported in fact;

21 (17) voluntarily disclosing information communicated to the person by an employer,
22 past or present, or through the person's employment in connection with accounting
23 services rendered to the employer, except:

24 (A) by permission of the employer;

25 (B) pursuant to the Government Code, Chapter 554 (commonly referred to as the
26 "Whistle Blowers Act");

27 (C) pursuant to:

28 (i) a court order signed by a judge;

29 (ii) a summons under the provisions of:

30 (I) the Internal Revenue Code of 1986 and its subsequent amendments;

31 (II) the Securities Act of 1933 (15 U.S.C. §77a et seq.) and its subsequent
32 amendments; or

1 (III) the Securities Exchange Act of 1934 (15 U.S.C. §78a et seq.) and its
2 subsequent amendments;

3 (iii) a congressional or grand jury subpoena; or
4 (iv) applicable federal laws, federal government regulations, including requirements
5 of the PCAOB;

6 (D) in an investigation or proceeding by the board;
7 (E) in an ethical investigation conducted by a professional organization of CPAs;
8 (F) in the course of a peer review under §901.159 of the Act (relating to Peer
9 Review); or
10 (G) any information that is required to be disclosed by the professional standards for
11 reporting on the examination of a financial statement.

12 (18) breaching the terms of an agreed consent order entered by the board or violating
13 any Board Order.

14 (19) Interpretive Comment: The board has found in §519.7 of this title (relating to
15 Criminal Offenses that May Subject a Licensee or Certificate Holder to Discipline or
16 Disqualify a Person from Receiving a License) and §525.1 of this title (relating to
17 Applications for the UCPAE, Issuance of the CPA Certificate, or Initial License) that any
18 crime of moral turpitude directly relates to the practice of public accountancy. A crime of
19 moral turpitude is defined in this chapter as a crime involving grave infringement of the
20 moral sentiment of the community. The board has found in §519.7 of this title that any
21 crime involving alcohol abuse or controlled substances directly relates to the practice of
22 public accountancy.

23 (20) Interpretive comment: A conviction or final finding of unethical conduct by a
24 competent authority, for the purpose of paragraph (8) of this subsection, includes any
25 right to practice before the authority or findings that limit the scope of the permit or
26 license conveyed by the authority. Conviction relates to the finding in a criminal
27 proceeding and final finding relates to a determination in a non-criminal proceeding.
28 Unethical conduct or activities are determined by the governmental entity making the
29 determination of a conviction or final finding.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER E RESPONSIBILITIES TO THE BOARD/PROFESSION
3 RULE §501.91 Reportable Events

- 4
5 (a) A licensee or certificate holder shall report in writing to the board the occurrence of
6 any of the following events within 30 days of the date the licensee or certificate holder
7 has knowledge of these events:
- 8 (1) the filing of criminal charges or the conviction or imposition of deferred adjudication
9 of the licensee or certificate holder of:
- 10 (A) a felony;
- 11 (B) a crime of moral turpitude as listed in §519.7(a)(2) of this title (relating to Criminal
12 Offenses that May Subject a Licensee or Certificate Holder to Discipline or Disqualify a
13 Person from Receiving a License);
- 14 (C) a crime of which fraud or dishonesty is an element as listed in §519.7(a)(1) of this
15 title;
- 16 (D) a crime that involves alcohol abuse or controlled substances as listed in
17 §519.7(a)(3) of this title;
- 18 (E) a crime of physical injury or threats of physical injury to a person as listed in
19 §519.7(a)(4) of this title; or
- 20 (F) a crime related to the qualifications, functions, or duties of a public accountant or
21 CPA, or to acts or activities in the course and scope of the practice of public
22 accountancy or as a fiduciary;
- 23 (2) the cancellation, revocation, or suspension or a voluntary consent decree of the
24 right to practice as a CPA or a public accountant by any governmental body or agency
25 or state, foreign country, or other jurisdiction for a reason other than the failure to pay
26 the appropriate authorization fee;
- 27 (3) an un-appealable adverse finding in any state or federal court, an agreed
28 settlement in a civil action against the licensee or certificate holder, or an agreed
29 consent order or settlement with a regulatory authority or licensing body concerning
30 professional accounting services or professional accounting work;
- 31 (4) a negotiated settlement evidencing deficient accounting services; or

1 (5) the revocation, suspension, or voluntary consent decree or any limitation on a
2 professional license from any state or federal regulatory agency such as an insurance
3 license or a securities license, resulting from an un-appealable adverse finding.

4 (b) The report required by subsections (a) and (c) of this section shall be signed by the
5 licensee or certificate holder and shall set forth the facts which constitute the reportable
6 event. If the reportable event involves the action of an administrative agency or court,
7 then the report shall set forth the title of the matter, court or agency name, docket
8 number, and dates of occurrence of the reportable event.

9 (c) Regardless of whether a civil suit or administrative adjudicatory action has been
10 filed, a licensee shall notify the board within 30 days of any written settlement
11 agreement in which a licensee has been released from any or all claims or liabilities
12 grounded, in whole or in part, upon an allegation of:

13 (1) professional negligence, gross negligence, dishonesty, fraud, misrepresentation,
14 incompetence; or

15 (2) a violation of any consent order or settlement with a regulatory or licensing body
16 concerning professional accounting services or professional accounting work.

17 (d) A licensee is not required to report to the board any of the events set forth in
18 subsections (a)(3), (a)(4) and (c) of this section when no Texas licensee is involved in
19 the event or no harm has been caused to a person or entity located in Texas. The firm
20 may contact the board to determine what may constitute involvement or harm to a
21 person or entity located in Texas.

22 (e) Nothing in this section imposes a duty upon any licensee or certificate holder to
23 report to the board the occurrence of any of the events set forth in subsections (a) and
24 (c) of this section either by or against any other licensee or certificate holder.

25 (f) As used in this section, a conviction includes the initial plea, verdict, or finding of
26 guilt, plea of no contest, or pronouncement of sentence by a trial court, even though that
27 conviction may not be final or sentence may not be actually imposed until all appeals
28 are exhausted.

29 (g) Confidentiality provisions in the terms of any settlement of the reportable events
30 described in subsections (a) and (c) of this section shall not limit the licensee's or
31 certificate holder's obligation to report such event and to cooperate fully with the board
32 in any investigation. All information gathered or received by the board regarding a

1 disciplinary action is confidential and not subject to disclosure under Chapter 552 of the
2 Government Code (relating to Public Information) prior to public hearing.

3 (h) Interpretive Comment: A crime of moral turpitude is defined in this chapter as a
4 crime involving grave infringement of the moral sentiment of the community and further
5 defined in §501.90(19) of this chapter (relating to Discreditable Acts) and §519.7 of this
6 title.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER E RESPONSIBILITIES TO THE BOARD/PROFESSION
3 RULE §501.92 Frivolous Complaints

4
5 A person who, in writing to the board, accuses another person of violating the rules of
6 the board shall assist the board in any investigation and/or prosecution resulting from
7 the written accusation. Failure to do so, such as not appearing to testify at a hearing or
8 to produce requested documents necessary to the investigation or prosecution, without
9 good cause, is a violation of this rule. A person who makes a complaint against another
10 person that is groundless and brought in bad faith, for the purpose of harassment, or for
11 any other improper purpose shall be in violation of this rule.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER E RESPONSIBILITIES TO THE BOARD/PROFESSION
3 RULE §501.93 Responses

- 4
5 (a) A person shall substantively respond in writing, within 30 days or less as specified
6 by the board, to any communication from the board requesting a response. It is not a
7 substantive response for a person to simply reply that they do not intend to respond or
8 provide the records or documents requested. The time to respond shall commence on
9 the date **that** the **earliest** communication was mailed **or emailed** to the last **known**
10 **mailing or email address of the person, according to the board's records** **address**
11 **furnished to the board by the person.**
- 12 (b) When requested, and at no expense to the board, the written response shall include:
13 (1) copies of the person's documentation, reports and/or work papers related to issues
14 in a complaint investigation; and
15 (2) copies of documents and reports or access to documents and reports related to the
16 issues in a complaint investigation of the person's professional accounting work or
17 ethical issues conducted by state and federal regulatory bodies and professional
18 organizations, that the board may determine is related to the board's investigation.
- 19 (c) Failure to timely respond substantively to written communications, or failure to
20 furnish requested documentation and/or work papers, constitutes conduct indicating
21 lack of fitness to serve the public as a professional accountant.
- 22 (d) Each applicant and each person required to be registered with the board under the
23 Act shall notify the board, either in writing or through the board's website, of any and all
24 changes in **either** such person's mailing address, **email address**, or telephone number
25 and the effective date thereof within 30 days before or after such effective date.
- 26 (e) Interpretive Comment. This section should be read in conjunction with §519.6 of this
27 title (relating to Subpoenas).
- 28 (f) Interpretive Comment. In this section, the term board includes board staff.

1 CHAPTER 501 RULES OF PROFESSIONAL CONDUCT
2 SUBCHAPTER E RESPONSIBILITIES TO THE BOARD/PROFESSION
3 RULE §501.94 Mandatory Continuing Professional Education

4
5 Each certificate or registration holder shall comply with the mandatory CPE reporting
6 and the mandatory CPE attendance requirements of Chapter 523 of this title (relating to
7 Continuing Professional Education). Once an individual's license has been suspended
8 for three consecutive years by the board for failing to complete the 120 hours of CPE
9 required by §523.112 of this title (relating to Required CPE Participation), the
10 individual's certificate shall be subject to revocation and may not be reinstated for at
11 least 12 months from the date of the revocation.

2. Discussion, consideration, and possible action concerning the Board *Rule 507.4 (Confidentiality)*.

DISCUSSION: *Section 901.160* of the *Public Accountancy Act* requires the Board to maintain the confidentiality of all complaint investigation files until the complaint goes to public hearing or upon the Board receiving written authorization from the licensee to release the information.

The proposed revision is intended to make it clear that regardless of the disposition of the complaint, the file must remain confidential.

RECOMMENDATION: The staff recommends that the Rules Committee recommend that the Board authorize the executive director to publish the proposed revision to this rule in the *Texas Register* for public comment.

SUGGESTED MOTION: Move that the committee recommend that the Board authorize the executive director to publish the proposed rule revision in the *Texas Register* for public comment.

3
4 (a) Members of the board, advisory committee members, the executive director,
5 members of board staff, independent contractors and consultants retained by the board
6 shall not disclose any confidential information which comes to their attention, except as
7 may be required by law.

8 (b) **Regardless of whether the board takes disciplinary action or not, all complaint**
9 **investigations, including** ~~All complaints,~~ investigation files, investigation reports, and
10 other investigative information in the possession of, received or gathered by the board is
11 confidential, **prior to public hearing or board action,** and any employee, agent, or
12 member of the board may not disclose the information contained in these files except to
13 another governmental, regulatory or law enforcement agency engaged in an
14 enforcement action and as provided for in §901.160 of the Act (relating to Availability
15 and Confidentiality of Certain Board Files) or upon receiving written authorization from
16 the license applicant or current or former license holder who is the subject of the
17 investigation.

3. Schedule next meeting.

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

B. Review and possible action on the Board's financial statements.

DISCUSSION: Ms. Espinoza-Riley, Treasurer, will present the Board's financial statements.

RECOMMENDATION: The staff recommends that the Board's financial statements be approved as presented.

SUGGESTED MOTION: That the Board's financial statements be approved as presented.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

Financial Overview

For the 3 Months Ended November 30, 2024

Annual Budget						
	Actual	Annual Budget	Variance	Percent Remaining	Target	Variance
Revenues - YTD	\$ 2,342,744	\$ 9,167,457	\$ 6,824,713	74.44%	75.00%	0.56%
Expenditures - YTD	\$ (1,730,229) *	\$ (8,054,483) D	\$ 6,324,254	78.52%	75.00%	3.52%
Net - YTD	612,514	1,112,974	\$ (500,459)	44.97%	75.00%	30.03%
Transfers In (Out)**	(172,247)	\$ (703,344)	\$ (531,097)	75.51%	75.00%	-0.51%
Transfer to EFFA Fund	(360,000)	\$ (360,000) D	\$ -	0.00%	75.00%	75.00%
Total Transfers In (Out)	(532,247)	(1,063,344)				
Net Increase/(Reduction) in Fund Balance	\$ 80,268	\$ 49,630	\$ 30,638	-61.7%	75.00%	-136.73%
<p>Revenues: See <i>Revenue Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> ● Revenue collected over budget by 0.56% <ul style="list-style-type: none"> ➔ Sponsor and other collections are over budget; firm licenses are under budget - see Revenue Budget Report <p>Expenditures: See <i>Expenditure Budget Summary</i> for additional information</p> <ul style="list-style-type: none"> ● Expenditures under budget by 3.52% <ul style="list-style-type: none"> ➔ See <i>Expenditure Budget Summary</i> for discussion of budget items. 						

Revenues and Expenditures and Changes in Fund Balance				
	Current Year	Prior Year	Difference	% Difference
Beginning Fund Balance 9/01/2024	\$ 8,689,665	\$ 6,962,397 C		
Revenues	2,342,744	2,108,325	234,419	11.1%
Expenditures	(1,745,460) A	(1,671,137)	74,323	4.4%
Other Financing Sources (Uses) B	(532,303)	(176,056)	356,247	202.3%
Ending Fund Balance 11/30/24	<u>\$ 8,754,645</u>	<u>\$ 7,223,529</u>		
<i>net increase/(reduction) in FB</i>	\$ 64,980	\$ 261,132		
<i>Budgeted Ending Fund Balance</i>	\$ 8,741,846	\$ 5,915,635		
<p>A EXH II expenditures include FY 24 expenditures of \$16,084.80. Budget expenditures include encumbrances of \$853.85.</p> <p>B Transfers in (out)/other financing sources (uses) include the quarterly SDSI payments and net interest owed to the operating fund from the professional fee fund. EXH II Other Financing Sources (Uses) include \$180 in refunds that will be transferred at the end of the year, net of \$123.51 in hotel tax return transferred from USAS to Safekeeping</p> <p>C Represents restated beginning fund balance as of 9/1/2023.</p> <p>D \$360,000 transferred to EFFA fund was included as an expenditure in the budget but is a transfer out.</p>				

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
 Performance Measures
 For the 3 Months Ended November 30, 2024

Performance Measures:

	Sept. 24-Nov. 24	Dec. 24-Feb.25	Mar. 25-May 25	June 25-Aug.25	YTD	Target	%	FY 24
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.				
Exam Related Measures:								
Individuals examined	2,441				2,441	5,667	43%	6,084
Sections taken	2,863				2,863	13,240	22%	13,476
Average sections taken per individual	1.17				1.17	2.34	50%	2.21

Licensing Related Measures:								
Number of individuals licensed	78,106				not cumulative	78,901	99%	78,297
Number of business facilities licensed (firms) ^a	8,233				not cumulative	8,156	101%	8,354

Peer Review Related Measures:								
Number of accounting firms subject to peer review	1,725				not cumulative	1,700	101%	1,746
Number of Peer Reviews Conducted	117				117	566	21%	565
Percentage of accounting firms reviewed	6.8%				6.8%	33%	21%	32.4%
Percentage of accounting firms receiving favorable review	82.1%				82.1%	83.0%	99%	83.0%
Number of peer reviews examined by the Peer Review Oversight Board	117				117	566	21%	565

Sponsor Review Program Related Measures:								
Number of CPE Sponsors Reviewed	59				59	138	43%	151
Number of CPE Sponsors Subject to Review	381				not cumulative	405	0%	398

Enforcement Related Measures: ^{b,c}								
Administrative:								
Open violations, beginning	1,397				1,397			1,384
Violations opened	819				819			3,137
Violations closed	(1,057)				(1,057)			(3,114)
Previous quarter adjustment	(1)				(1)			(10)
Open violations, ending	1,158				1,158			1,397
Average time for complaint resolution (days)	143.1				143.1	131.6	109%	142.2
Disciplinary:								
Open violations, beginning	504				504			406
Violations opened	150				150			600
Violations closed	(124)				(124)			(494)
Previous quarter adjustment	4				4			(8)
Open violations, ending	534				534			504
Average time for complaint resolution (days)	205.5				205.5	190.9	108%	119.4

^a This measure is the number of Registered Accounting Firms not Practice Units. The number of Practice Units is used for estimating revenue because Firms may have more than one Practice Unit.

^b Case numbers are estimates based on best available data, subject to additional review of violation coding. Rule changes over time may affect coding.

^c Cases opened and closed categories include adjustments for reclassification of cases and report timing. Due to the timing of some case reporting, year-to-date numbers may not match quarterly totals.

Texas State Board of Public Accountancy
Revenue Budget Report
From September 1, 2024 - November 30, 2024

Account Title	Current Month's Revenue	YTD Revenue	Total Budget	Variance	% Budget Remaining	Versus Target
						75.00% F (U)
CPA License	\$ 579,740.25	\$ 1,759,990.50	\$ 6,927,715.03	5,167,724.53	74.6%	0.4%
CPE Sponsor Review	25,600.00	75,100.00	231,140.87	156,040.87	67.5%	7.5%
Firm Office License	48,387.30	168,709.96	861,741.56	693,031.60	80.4%	-5.4%
Late Payment Fees	42,740.50	115,043.50	421,920.93	306,877.43	72.7%	2.3%
Application of Intent - Evaluation Fee	7,920.00	18,960.00	62,385.36	43,425.36	69.6%	5.4%
Transfer of Credit IN	400.00	1,400.00	3,247.16	1,847.16	56.9%	18.1%
Exam Eligibility Fee - AUD	5,820.00	12,585.00	59,928.64	47,343.64	79.0%	-4.0%
Exam Eligibility Fee - FAR	6,975.00	17,325.00	72,150.00	54,825.00	76.0%	-1.0%
Exam Eligibility Fee - REG	5,505.00	11,925.00	52,498.43	40,573.43	77.3%	-2.3%
Exam Eligibility Fee - BEC	0.00	0.00	0.00	0.00	N/A	N/A
Exam Eligibility Fee - BAR	360.00	1,890.00	16,963.83	15,073.83	88.9%	-13.9%
Exam Eligibility Fee - ISC	465.00	2,760.00	14,691.89	11,931.89	81.2%	-6.2%
Exam Eligibility Fee - TCP	825.00	3,555.00	17,418.22	13,863.22	79.6%	-4.6%
Exam Fees	28,270.00	70,400.00	299,283.53	228,883.53	76.5%	-1.5%
Certificate Fee	9,600.00	22,100.00	72,427.07	50,327.07	69.5%	5.5%
Reciprocal Registration	5,000.00	14,700.00	64,586.85	49,886.85	77.2%	-2.2%
Temporary Practice	0.00	0.00	0.00	0.00	N/A	N/A
Direct Administrative Costs - Enforcement	2,297.33	9,138.27	31,842.29	22,704.02	71.3%	3.7%
Voided Warrants	0.00	0.00	0.00	0.00	N/A	N/A
Transfer of Credit - OUT	600.00	2,320.00	8,449.80	6,129.80	72.5%	2.5%
Interest Income	28,797.99	92,638.95	200,000.00	107,361.05	53.7%	21.3%
Interest on Judgments	0.00	0.00	0.00	0.00	N/A	N/A
Sales of Lists/Miscellaneous Copies/NSF Fees/Other	30.00	140.98	858.00	717.02	83.6%	-8.6%
Lettering of Replacement CPA Certificate	300.00	750.00	1,750.00	1,000.00	57.1%	17.9%
AICPA Regrades	0.00	0.00	0.00	0.00	N/A	N/A
Reimbursements - 3rd Party <i>(Reimbursements from TBAE IAC)</i>	3,802.22	11,711.66	45,740.92	34,029.26	N/A	N/A
Other Collections	50,427.54	153,499.86	425,654.93	272,155.07	63.9%	11.1%
Total Revenue	\$ 775,165.59	\$ 2,342,743.82	\$ 9,167,456.85	\$ 6,824,713.03	74.4%	0.56%

Texas State Board of Public Accountancy
Expenditure Budget Report
From September 1, 2024 - November 30, 2024

Account Title		Current Month's Expenditures	YTD Expenditures	YTD Encumbrances	Total Budget	Budget Remaining	% Budget Remaining	% Variance vs. Target	\$ Variance vs. Target
								75.0%	
								F (U)	
F0410	Debt Service - Interest	2,549.93	7,658.63	0.00	28,754.58	21,095.95	73.37%	-1.63%	(469.99)
L1001	Sal & Wages - Comp. Per Diem	500.00	500.00	0.00	12,780.18	12,280.18	96.09%	21.09%	2,695.05
S&W	Salaries & Wages	295,545.62	874,309.10	0.00	4,014,563.90	3,140,254.80	78.22%	3.22%	129,331.88
M9000	Payroll Related Costs (IC)	92,631.62	276,531.81	0.00	1,151,577.33	875,045.52	75.99%	0.99%	11,362.52
N2004	Prof Fees - Court Reporters	0.00	0.00	0.00	1,816.13	1,816.13	100.00%	25.00%	454.03
N2005	Prof Fees-Legal Svcs-OAG & OLC	3,208.01	3,208.01	0.00	271,687.50	268,479.49	98.82%	23.82%	64,713.86
N2007	Prof Fees - Fin/Acctg. Svcs.	0.00	0.00	0.00	35,754.51	35,754.51	100.00%	25.00%	8,938.63
N2008	Prof Fees - Expert Witnesses	0.00	0.00	0.00	272,459.52	272,459.52	100.00%	25.00%	68,114.88
N2009	Prof Fees - PROB	3,150.00	7,896.00	0.00	56,190.15	48,294.15	85.95%	10.95%	6,151.54
N2010	Travel-In State- SOAH	0.00	15,626.52	0.00	15,626.52	-	0.00% A1	-75.00%	(11,719.89)
N2011	Prof Fees - Computer	6,489.72	10,159.26	0.00	392,752.08	382,592.82	97.41%	22.41%	88,028.76
N2019	Prof Fees - Other	0.00	2,725.00	0.00	4,812.39	2,087.39	43.38%	-31.62%	(1,521.90)
N2022	PF - SRP - Review	3,875.00	11,625.00	0.00	25,000.00	13,375.00	53.50%	-21.50%	(5,375.00)
P2001	Travel-In State-Board Mbrs.	829.61	1,322.21	0.00	19,197.13	17,874.92	93.11%	18.11%	3,477.07
P2002	Travel-In State-Employees	0.00	601.39	0.00	4,649.34	4,047.95	87.07%	12.07%	560.95
P2003	Travel-In State-Adv Comm Mbrs	0.00	0.00	0.00	1,618.15	1,618.15	100.00%	25.00%	404.54
P2021	Travel-Out-of-State-Bd. Mbrs.	0.00	0.00	0.00	6,812.75	6,812.75	100.00%	25.00%	1,703.19
P2022	Travel-Out-of-State-Employees	2,307.84	2,777.57	0.00	11,101.90	8,324.33	74.98%	-0.02%	(2.09)
Q2001	Material & Supplies	35,571.45	66,396.87	33.85	389,140.11	322,709.39	82.93%	7.93%	30,854.31
Q2005	Mats/Supp - Office Meter Post	0.00	13,407.22	0.00	65,295.31	51,888.09	79.47%	4.47%	2,916.61
Q2006	Mats/Supp - Bulk Rate Postage	0.00	0.00	0.00	1,035.00	1,035.00	100.00%	25.00%	258.75
Q2009	Mats/Suppl - Other Postage	0.00	0.00	0.00	315.16	315.16	100.00%	25.00%	78.79
R2001	Communication & Utilities	13,907.28	21,601.74	0.00	72,541.64	50,939.90	70.22%	-4.78%	(3,466.33)
S2001	Repairs & Maint-Annual Conts.	2,321.04	64,572.44	0.00	99,479.77	34,907.33	35.09%	-39.91%	(39,702.50)
S2005	Repairs & Maintenance - Other	8.00	4,955.76	0.00	10,139.53	5,183.77	51.12%	-23.88%	(2,420.88)
T2001	Rentals & Leases-Furn/Eqpt	2,093.63	6,280.89	0.00	32,337.25	26,056.36	80.58%	5.58%	1,803.42
T2004	Rentals & Leases-Furn/Eqpt SIC	0.00	0.00	0.00	10,737.35	10,737.35	100.00%	25.00%	2,684.34
T2013	Rental & Leases-Other Space	1,015.36	3,218.24	0.00	13,424.57	10,206.33	76.03%	1.03%	137.90
T2015	Rental & Leases - SIC	2,474.00	7,426.00	0.00	14,547.72	7,121.72	48.95%	-26.05%	(3,789.07)
T2019	Debt Service Principal - RTU Lease	28,439.19	85,308.73	0.00	344,045.98	258,737.25	75.20%	0.20%	702.77
U2001	Printing & Reproduction	99.45	99.45	820.00	16,915.32	15,995.87	94.56%	19.56%	3,309.38
U2002	Printing of Board Report	2,539.36	2,539.36	0.00	8,777.82	6,238.46	71.07%	-3.93%	(344.91)
W2001	OOE - Membership Fees	100.00	6,325.00	0.00	11,054.83	4,729.83	42.79%	-32.21%	(3,561.29)
W2003	OOE - Registration Fees	535.00	950.00	0.00	15,749.91	14,799.91	93.97%	18.97%	2,987.48
W2005	OOE - Temporary Support Svcs	0.00	0.00	0.00	100,000.00	100,000.00	100.00%	25.00%	25,000.00
W2007	OOE - Freight/Delivery Svc.	72.09	182.23	0.00	2,748.27	2,566.04	93.37%	18.37%	504.84
W2009	OOE - Convention Center Labor	0.00	0.00	0.00	4,347.00	4,347.00	100.00%	25.00%	1,086.75
W2013	OOE - Employee Awards	65.00	65.00	0.00	1,285.04	1,220.04	94.94%	19.94%	256.26
W2014	OOE - Witness Fees & Invest Cost	0.00	0.00	0.00	2,356.42	2,356.42	100.00%	25.00%	589.11
W2020	OOE - Other Fees & Charges	3,694.59	11,193.76	0.00	63,100.70	51,906.94	82.26%	7.26%	4,581.42
W2021	OOE - TX Online Processing Fees	36,750.92	54,152.93	0.00	199,916.34	145,763.41	72.91%	-2.09%	(4,173.85)
W2027	OOE - Statewide Cost Alloc. (IC)	2,087.85	6,263.55	0.00	25,054.25	18,790.70	75.00%	0.00%	0.01
W2028	OOE - SORM Assessments	0.00	4,818.12	0.00	9,288.46	4,470.34	48.13%	-26.87%	(2,496.01)
W2029	PUB - Public Assistance Pymts	0.00	155,500.00	0.00	155,500.00	0.00	0.00% A2	-75.00%	(116,625.00)
X5005	Capital Outlay-Computer	0.00	0.00	0.00	58,195.46	58,195.46	100.00%	25.00%	14,548.87
Report Total		\$ 511,872.44	\$ 1,729,375.59	\$ 853.85	\$ 8,054,483.27	6,324,253.83	78.52%	3.52%	

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
 Budget Variance Explanations
 For the 3 Months Ended November 30, 2024

Ref.	Budget Item	Budget	Actual	Difference	Explanation	
	Operating Budget	\$ 8,054,483	\$ 1,730,229	\$ 6,324,253.83	78.52%	budget remaining versus 75% target level
A1	Prof Fees - SOAH	\$ 15,627	\$ 15,626.52	\$ -	0.00%	The public assistance and SOAH expenditure categories are one-time payments processed at the beginning of the year.
A2	PUB - Public Assistance Pymts	\$ 155,500	\$ 155,500.00	\$ -	0.00%	
B	PF - SRP - Review	\$ 25,000	\$ 11,625.00	\$ 13,375.00	53.50%	Variance due to a majority of outsourced reviews occurring at the beginning of the fiscal year. Expenditures for the remainder of the year are expected to align with the annual budget.
C	Repairs & Maint-Annual Conts.	\$ 99,480	\$ 64,572.44	\$ 34,907.33	35.09%	Variance due to annual maintenance contracts paid early in the year.

Texas State Board of Public Accountancy
Exhibit A-1 - Balance Sheet - All General and Consolidated Funds
 November 30, 2024

	Scholarship Fund	EFFA Fund	Operating Fund	Total	
	(1000)	(0858)	(0858)	(1009)	Total
	U/F (1002)	U/F (7106, 6106)	U/F (7206, 6206)	U/F (1009, 2858)	(EXH I)
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash on Hand	\$ 1,319.34	\$ 240.00	\$ -	\$ 25,394.40	\$ 26,953.74
Cash in Bank - Treasury Safekeeping Trust	\$ -	-	-	-	-
Cash in State Treasury	\$ 497,585.40	53,194.41	10,000.00	1,275,109.75	1,835,889.56
Repurchase Agreement - Treasury Safekeeping Trust	\$ 162,009.87	776,226.20	352,082.99	7,709,797.31	9,000,116.37
Accounts Receivable	-	-	-	1,243.51	1,243.51
Due From Other Funds	\$ -	-	-	64,616.58	64,616.58
Due From Other Agencies	\$ -	2,000.00	-	-	2,000.00
Prepaid Item	\$ -	-	-	31,552.12	31,552.12
Consumable Inventories	-	-	-	-	-
Total Current Assets	<u>660,914.61</u>	<u>831,660.61</u>	<u>362,082.99</u>	<u>9,107,713.67</u>	<u>10,962,371.88</u>
Non-Current Assets:					
Non-Current Prepaid Items	-	-	-	15,252.77	15,252.77
Non-Current Refundable Deposits	-	-	-	37,009.76	37,009.76
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,262.53</u>	<u>52,262.53</u>
Total Assets	<u>\$ 660,914.61</u>	<u>\$ 831,660.61</u>	<u>\$ 362,082.99</u>	<u>\$ 9,159,976.20</u>	<u>\$ 11,014,634.41</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ -	\$ 111,467.00	\$ -	\$ 37,807.48	\$ 149,274.48
Payroll Payable	-	-	-	367,502.94	367,502.94
Refunds Payable	-	-	-	20.42	20.42
Due To Other Funds	\$ 64,616.58	-	-	-	64,616.58
Funds Held for Others	\$ 596,298.03	-	-	-	596,298.03
Total Current Liabilities	<u>660,914.61</u>	<u>111,467.00</u>	<u>-</u>	<u>405,330.84</u>	<u>1,177,712.45</u>
Non-Current Liabilities:					
Interfund Payables	-	-	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>660,914.61</u>	<u>111,467.00</u>	<u>-</u>	<u>405,330.84</u>	<u>1,177,712.45</u>
FUND FINANCIAL STATEMENT-FUND BALANCES					
Fund Balances (Deficits):					
Nonspendable	-	-	-	953,613.98	953,613.98
Committed:					
Board Policy Reserve	-	-	-	3,156,964.75	3,156,964.75
Board Policy Contingency Fund	-	-	-	3,750,000.00	3,750,000.00
Other	-	720,193.61	362,082.99	894,066.63	1,976,343.23
Total Fund Balances	<u>-</u>	<u>720,193.61</u>	<u>362,082.99</u>	<u>8,754,645.36</u>	<u>9,836,921.96</u>
Total Liabilities and Fund Balances	<u>\$ 660,914.61</u>	<u>\$ 831,660.61</u>	<u>\$ 362,082.99</u>	<u>\$ 9,159,976.20</u>	<u>\$ 11,014,634.41</u>

UNAUDITED

Texas State Board of Public Accountancy
 Exhibit A-2 - Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances – All General and Consolidated Funds
 For the 3 Months Ended November 30, 2024

	General Revenue				Memorandum Only			Total FY 24	Difference	
	(0858)	(0858)	(1009)	Total	(0858)	(0858)	(1009)			
	U/F (7106, 6106)	U/F (7206, 6206)	U/F (1009, 2858)	(EXH II)	U/F (6106, 7106)	U/F (6206, 7206)	U/F (1009, 2858)			
				FY 24	FY 24	FY 24				
REVENUES										
Federal Grant Pass-through Revenue (GR)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses, Fees & Permits :										
Licenses, Fees	\$ 170,728.94	\$ -	2,155,733.96	\$ 2,326,462.90	170,200.94	-	1,901,182.26	2,071,383.20	255,079.70	A
Exam Fees	-	-	70,400.00	70,400.00	-	-	102,445.00	102,445.00	(32,045.00)	B
Other License, Fees & Permits	-	-	2,370.00	2,370.00	-	-	2,520.00	2,520.00	(150.00)	
Sales of Goods and Services	-	-	-	-	-	-	-	-	-	
Interest and Investment Income	9,838.45	2,082.99	92,638.95	104,560.39	14,352.70	-	82,009.42	96,362.12	8,198.27	C
Other	5,116.69	-	21,600.91	26,717.60	12,905.20	-	20,168.62	33,073.82	(6,356.22)	D
Total Revenues	185,684.08	2,082.99	2,342,743.82	2,530,510.89	197,458.84	-	2,108,325.30	2,305,784.14	224,726.75	
EXPENDITURES										
Salaries and Wages	-	-	874,809.10	874,809.10	-	-	831,265.35	831,265.35	43,543.75	E
Payroll Related Costs	-	-	275,709.61	275,709.61	-	-	266,228.96	266,228.96	9,480.65	
Professional Fees and Services	-	-	62,907.84	62,907.84	-	-	86,787.52	86,787.52	(23,879.68)	F
Travel	-	-	4,138.69	4,138.69	-	-	8,766.67	8,766.67	(4,627.98)	
Materials and Supplies	-	-	80,477.69	80,477.69	-	-	32,551.41	32,551.41	47,926.28	G
Communication and Utilities	-	-	21,867.02	21,867.02	-	-	16,994.95	16,994.95	4,872.07	
Repairs and Maintenance	-	-	69,528.20	69,528.20	-	-	78,862.25	78,862.25	(9,334.05)	H
Rentals & Leases	-	-	17,363.30	17,363.30	-	-	12,848.90	12,848.90	4,514.40	
Printing and Reproduction	-	-	2,638.81	2,638.81	-	-	7,294.67	7,294.67	(4,655.86)	
Claims and Judgments	-	-	-	-	-	-	-	-	-	
Other Expenditures	-	-	87,552.77	87,552.77	-	-	105,028.30	105,028.30	(17,475.53)	I
State Pass Through Expenditures	310,150.80	-	-	310,150.80	243,448.02	-	-	243,448.02	66,702.78	
Intergovernmental Payments	150,985.00	-	-	150,985.00	100,941.00	-	-	100,941.00	50,044.00	
Public Assistance Payments	-	-	155,500.00	155,500.00	-	-	134,253.00	134,253.00	21,247.00	J
Debt Service:										
Principal	-	-	85,308.73	85,308.73	-	-	81,540.09	81,540.09	3,768.64	
Interest	-	-	7,658.63	7,658.63	-	-	8,715.27	8,715.27	(1,056.64)	
Capital Outlay	-	-	-	-	-	-	-	-	-	
Total Expenditures/Expenses	461,135.80	-	1,745,460.39	2,206,596.19	344,389.02	-	1,671,137.34	2,015,526.36	191,069.83	
Excess (Deficiency) of Revenues										
Over Expenditures	(275,451.72)	2,082.99	597,283.43	323,914.70	(146,930.18)	-	437,187.96	290,257.78	33,656.92	
OTHER FINANCING SOURCES (USES)										
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	
Net Change in Reserve for Inventories	-	-	-	-	-	-	-	-	-	
Transfers In (Note 1.F.)	404,278.21	370,000.00	2,729,677.33	3,503,955.54	405,070.27	-	2,440,810.53	2,845,880.80	658,074.74	
Transfers Out (Note 1.F.)	(404,278.21)	(10,000.00)	(3,261,980.57)	(3,676,258.78)	(405,080.27)	-	(2,616,866.53)	(3,021,946.80)	(654,311.98)	
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	0.00	-	-	
Total Other Financing Sources and Uses	-	360,000.00	(532,303.24)	(172,303.24)	(10.00)	-	(176,056.00)	(176,066.00)	3,762.76	
SPECIAL ITEMS										
EXTRAORDINARY ITEMS										
Net Change in Fund Balances	(275,451.72)	362,082.99	64,980.19	151,611.46	(146,940.18)	-	261,131.96	114,191.78	37,419.68	
FUND FINANCIAL STATEMENT-FUND BALANCES										
Fund Balances--Beginning	995,645.33	-	8,689,665.17	9,685,310.50	1,211,214.24	-	6,888,289.20	8,099,503.44	1,585,807.06	
Restatements	-	-	-	-	-	-	74,108.09	74,108.09	(74,108.09)	
Fund Balances, 9/1/2024 as Restated	995,645.33	-	8,689,665.17	9,685,310.50	1,211,214.24	-	6,962,397.29	8,173,611.53	1,511,698.97	
Fund Balances-- November 30, 2024	\$ 720,193.61	\$ 362,082.99	\$ 8,754,645.36	\$ 9,836,921.96	\$ 1,064,274.06	\$ -	\$ 7,223,529.25	\$ 8,287,803.31	\$ 1,549,118.65	

- A License Fees are higher due to the individual licensee fee increase from \$87 to \$102.
- B Exam fee revenues are lower due to a decrease in AOI fees and exam eligibility fees received
- C Interest Income is higher due to a higher balance in the safekeeping trust fund.
- D Other Revenues are lower due to a significant decrease in scholarship reimbursements.
- E Salaries and wages are higher due to a 5% state increase.
- F Professional Fees and Services are lower due to a decrease in expert witness fees and computer programming services.
- G Materials and Supplies are higher due to an increase in non-capitalized computer software.
- H Repairs and Maintenance are lower due to a 100% reduction of leasehold improvements from the prior year.
- I Other Expenditures are lower due to a decrease in temporary support services and exam testing accommodations.
- J Public Assistance Payments are higher due to a grant increase to TXCPA Peer Assistance Foundation.

Texas State Board of Public Accountancy
Accounting Student Scholarship Payments FY 25
State Universities

For the 3 Months Ended November 30, 2024

	FY 2025
BEGINNING FUND BALANCE - September 1, 2024	\$ 995,645.33
Total Scholarship Fund Revenue	\$ 185,684.08
State Pass Through Expenditures (EXH A-2)	
State University Payments:	
Lamar University	\$ 5,000.00
Texas A&M University	\$ 77,162.80
Texas State University	\$ 19,500.00
Texas Tech University	\$ 45,000.00
Texas Woman's University	\$ 12,000.00
University of Houston	\$ 10,621.00
University of Houston - Clear Lake	\$ 14,000.00
University of Houston - Downtown	\$ 14,000.00
University of Texas at Austin	\$ 76,367.00
University of Texas at Dallas	\$ 32,000.00
University of Texas at Tyler	\$ 4,500.00
Total State University Payments	<u>\$ 310,150.80</u>
State University Refunds:	
Total State University Refunds	<u><u>-</u></u>
State Pass Through Expenditures (EXH A-2)	<u>\$ 310,150.80</u>
Intergovernmental Payments (EXH A-2)	
Junior College/ Private University Payments:	
Austin Community College	\$ 3,600.00
Baylor University	\$ 49,800.00
Dallas Baptist University	\$ 16,000.00
Houston Community College System	\$ 2,000.00
Letourneau University	\$ 10,000.00
Southern Methodist University	\$ 12,000.00
St. Edward's University	\$ 5,000.00
Texas Christian University	\$ 54,000.00
Total Junior College/ Private University Payments:	<u>\$ 152,400.00</u>
Junior College/ Private Univ. Refunds:	
Dallas College	\$ (1,415.00)
Total Junior College/ Private University Refunds:	<u><u>\$ (1,415.00)</u></u>
Intergovernmental Payments (EXH. A-2)	<u>150,985.00</u>
Other Financing Sources/Uses	
Transfers In	404,278.21
Transfers Out	(404,278.21)
Total Other Financing Sources/Uses (EXH. A-2)	<u>\$ -</u>
ENDING FUND BALANCE - November 30, 2024	<u>\$ 720,193.61</u>

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B
STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS
For the 3 Months Ended November 30, 2024

STATUS	DAC	ADMIN	RTN CK FEES	TOTAL	
		PENALTY	OVERPMT/INT		
BEGINNING BALANCE - September 1, 2024	\$6,474.80	\$22,431.45	\$69.57	\$28,975.82	
ADD: Penalties Assessed \ Contributions:					
Mokuolu, Victor	Oct-24	811.57	15,000.00	15,811.57	
Lyons, Allen	Oct-24	969.63		969.63	
Marcum LLP	Oct-24	5,059.74	450,000.00	455,059.74	
Westerman, James Robert	Nov-24	599.71	2,500.00	3,099.71	
Simmons, Ricky	Nov-24	951.69	1,000.00	1,951.69	
Crane, Curtis Wayne	Nov-24	745.93		745.93	
Blank, Peyton Garrett	Nov-24		2,000.00	2,000.00	
Wyatt, Kaitlin Foster	Nov-24		2,000.00	2,000.00	
Fan, Michael James	Nov-24		2,000.00	2,000.00	
Stone, Catherine Elizabeth	Nov-24		2,000.00	2,000.00	
Rogers, Travis Kyle	Nov-24		2,000.00	2,000.00	
Henley, Matthew Jordan	Nov-24		2,000.00	2,000.00	
Asplund, Jeremy Ross	Nov-24		2,000.00	2,000.00	
Wilson, Michelle Nicole	Nov-24		2,000.00	2,000.00	
Parma, Taylor Morgan	Nov-24		2,000.00	2,000.00	
Alaniz, Laura Michelle	Nov-24		2,000.00	2,000.00	
Beddow, Michael Drew	Nov-24		2,000.00	2,000.00	
Lai, Yuan	Nov-24		2,000.00	2,000.00	
Cutaia, Joseph Anthony	Nov-24		2,000.00	2,000.00	
Pickell, John Patrick	Nov-24		2,000.00	2,000.00	
TOTAL PENALTIES ASSESSED \ CONTRIBUTIONS		9,138.27	496,500.00	0.00	505,638.27

LESS: Payments Received:

Houston, Charles	Sep-24	PIF	(144.02)	(0.98)	(145.00)
Donovan, Thomas Paul	Sep-24	PIF	(5,000.00)		(5,000.00)
Kelly, Mark Charles	Sep-24	PP	(1,000.00)		(1,000.00)
Nesmith, Shawn David	Sep-24	PP	(513.00)		(513.00)
Haynes, Jerry Charles	Sep-24	PP	(619.34)		(619.34)
Kelly, Mark Charles	Oct-24	PP	(1,000.00)		(1,000.00)
Haynes, Jerry Charles	Oct-24	PP	(619.34)		(619.34)
Mokuolu, Victor	Oct-24	PIF	(811.57)	(15,000.00)	(15,811.57)
Nesmith, Shawn David	Oct-24	PP		(513.00)	(513.00)
Lyons, Allen	Oct-24	PIF	(969.63)		(969.63)
Marcum LLP	Oct-24	PP	(5,059.74)	(444,940.26)	(450,000.00)
Marcum LLP	Oct-24	PIF		(5,059.74)	(5,059.74)
Westerman, James Robert	Nov-24	PIF	(599.71)	(2,500.00)	(3,099.71)
Williams, Ericka Jeanean	Nov-24	PP		(1,505.64)	(1,505.64)
Coe, Marcus Perry	Nov-24	PP		(750.00)	(750.00)
Kelly, Mark Charles	Nov-24	PP		(1,000.00)	(1,000.00)
Nesmith, Shawn David	Nov-24	PP		(513.00)	(513.00)
Williams, Ericka Jeanean	Nov-24	PIF		(1,500.00)	(1,500.00)
Simmons, Ricky	Nov-24	PIF	(951.69)	(1,000.00)	(1,951.69)
Crane, Curtis Wayne	Nov-24	PIF	(745.93)		(745.93)
Blank, Peyton Garrett	Nov-24	PIF		(2,000.00)	(2,000.00)
Wyatt, Kaitlin Foster	Nov-24	PIF		(2,000.00)	(2,000.00)
Fan, Michael James	Nov-24	PIF		(2,000.00)	(2,000.00)
Stone, Catherine Elizabeth	Nov-24	PIF		(2,000.00)	(2,000.00)
Rogers, Travis Kyle	Nov-24	PIF		(2,000.00)	(2,000.00)
Henley, Matthew Jordan	Nov-24	PIF		(2,000.00)	(2,000.00)
Asplund, Jeremy Ross	Nov-24	PIF		(2,000.00)	(2,000.00)
Wilson, Michelle Nicole	Nov-24	PIF		(2,000.00)	(2,000.00)
Parma, Taylor Morgan	Nov-24	PIF		(2,000.00)	(2,000.00)
Alaniz, Laura Michelle	Nov-24	PIF		(2,000.00)	(2,000.00)
Beddow, Michael Drew	Nov-24	PIF		(2,000.00)	(2,000.00)
Lai, Yuan	Nov-24	PIF		(2,000.00)	(2,000.00)

UNAUDITED

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

SCHEDULE B

STATEMENT OF PENALTIES ASSESSED \ CONTRIBUTIONS

For the 3 Months Ended November 30, 2024

			DAC	ADMIN	RTN CK FEES	
			19160	PENALTY	OVERPMT/INT	TOTAL
		STATUS		37700	19950/31100	
Payments Received (cont'd):						
Cutaia, Joseph Anthony	Nov-24	PIF		(2,000.00)		(2,000.00)
Pickell, John Patrick	Nov-24	PIF		(2,000.00)		(2,000.00)
Haynes, Jerry Charles	Nov-24	PP		(619.34)		(619.34)
TOTAL PAYMENTS RECEIVED			(9,138.27)	(511,796.68)	(0.98)	(520,935.93)
Adjustments:						
Houston, Charles					0.98	0.98
TOTAL ADJUSTMENTS			0.00	0.00	0.98	0.98
Referred to OAG Enforcement for Collection:						
TOTAL REFERRED TO ENFORCEMENT			0.00	0.00	0.00	0.00
ENDING BALANCE - November 30, 2024			\$6,474.80	\$7,134.77	\$69.57	\$13,679.14

Note: PIF = Paid in Full, PP = Partial Payment, and REF=Refund

Note: Full reinstatement for payment after referral to the OAG

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Professional Fee and Legal Contracts

Contract Number	Contractor	FY 2025			FY 25 Hourly Rate
		Contract Term	Budget	Contract Amount	
TSR CONSULTANTS			\$ 272,460		
25-005	Peter Delvecchia, CPA	09/01/24-08/31/25		\$25,000	\$240/\$180/\$100
25-006	William Patrick Cantrell, CPA, JD	09/01/24-08/31/25		\$10,000	\$350/\$225/\$65
	Unallocated Budget		237,460		
	Total			\$35,000	
PEER REVIEW CONSULTANTS			\$ 56,190		
25-001	John Michael Waters, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-002	Robert Goldstein, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-003	Thomas Akin, CPA	09/01/24-12/31/24**		\$26,400	\$200
25-001A	John Michael Waters, CPA	01/01/25-08/31/25**		\$14,000	\$270
25-002A	Robert Goldstein, CPA	01/01/25-08/31/25**		\$24,000	\$270
25-003A	Thomas Akin, CPA	01/01/25-08/31/25**		\$14,000	\$270
	Unallocated Budget		(75,010)		
	Total			131,200	
OFFICE OF THE ATTORNEY GENERAL			\$ 15,000		
C-02075	Office of the Attorney General	09/01/24-08/31/25		\$15,000	
	Unallocated Budget		-		
	Total			\$15,000	
STATE OFFICE OF ADMIN HEARINGS			\$ 15,627		
360-24-457	SOAH	09/01/23-08/31/25		\$15,627 *	
	Unallocated Budget		0		
	Total			\$15,627	
OAG Contracts: INDEPENDENT CONSULTANT CONTRACTS (SOAH Litigation)			\$ 256,688		
	Unallocated Budget		256,688		
	Total			\$0	
INTERNAL AUDIT			\$ 35,755		
	To be determined				
	Unallocated Budget		35,755		
	Total			\$0	
Total Budget			\$ 651,720		
Total Contracts				\$196,827	
Total Unallocated Budget			\$ 454,893		

*SOAH Contract is for \$31,253.04 for 2 years.

**The PROB contracts approved by the Board were originally for 9-1-24 through 12-31-24. At the November Board meeting the Board approved 3 additional contracts for the period 1-1-25 through 8-31-25. The Comptroller's Procurement and Contract Management Guide requires state agencies to re-procure at least every four years for contracts exceeding \$25,000. Four years elapsed for these 3 proposed contracts on December 31, 2024, which accounts for the need for 3 new RFQs and 3 PROB contracts for the remainder of FY 25. The maximum contract amount for each contract will not exceed \$26,400 for the 12 months ending 8-31-25.

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

C. Review and approval of the Board's Equal Employment Opportunity Report - CY - 2024.

DISCUSSION: Ms. Seefeld, Presiding Officer, will present the Board's Equal Employment Opportunity Report - CY 2024 for approval.

RECOMMENDATION: The staff recommends that the Board approve the Board's Equal Employment Opportunity Report - CY 2024 as presented.

SUGGESTED MOTION: That the Board approve the Board's Equal Employment Opportunity Report - CY 2024 as presented.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY
Annual Affirmative Action/EEO Report
December 31, 2024

A. Annual Affirmative Action/EEO Program Progress Report
 The agency filled 5 positions from January 1, 2024 to December 31, 2024

Officials/Administration No vacancies in this category.

Professional 5 positions filled as follows (IR. (1), Qual (1), Acct. (2), Lic (1)):
 Caucasian American 2 Male 1 Female
 Hispanic American 1 Male Female
 Asian Male 1 Female
 African American Male Female

Para-Professional No vacancies in this category.

Technical No positions in this category.

Administrative Support No positions in this category.

B. Annual Workforce Analysis – As of December 31, 2024 (State Civilian Workforce (SCW) Percentages from the Texas Commission on Human Rights indicated). See attached analysis.

	African American		Hispanic		Female	
	Agency	SCW	Agency	SCW	Agency	SCW
Officials/Administration	0%	8.6%	0%	25.2%	50.0%	40.2%
Professional	0%	10.6%	42.9%	23.0%	71.4%	53.0%
Administrative Support	0%	15.2%	0%	38.3%	0%	74.1%
Total Agency	0.0%		33.3%		66.7%	

C. Annual Personnel Transaction Report - January 1, 2024 through December 31, 2024 (Resignations/Transfers to Other Agencies)

Official/Administration 1 Male Female
Professional Male Female
Para-Professional Male Female
Technical Male Female
Administrative Support Male Female

D. Annual Appeal and Grievance Status Report

The Board has no employee grievances pending. The Board has no civil action currently pending before either federal or state courts.

Officials/Administration – Includes Attorney IV, General Counsel IV, Director 1, Director II, Director IV, and Executive Director.

Professional – Includes Accountant III, Accountant IV, Accountant VI, Manager V, Staff Services Officer III, Program Specialist I, Program Specialist II, Program Specialist III, Program Specialist IV, Information Specialist IV, System Analyst VI, System Analyst VII, Systems Administrator V, Legal Assistant III, Legal Assistant IV, Program Supervisor II, Program Supervisor III, Program Supervisor V, and Program Supervisor VI.

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

D. Report on Historically Underutilized Business (HUB) Expenditure Summary.

DISCUSSION: Mr. Treacy and Ms. Schwimmer-Staggs will report on the Board's Historically Underutilized Business (HUB) Expenditure Summary.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

Percentage of HUB Expenditures Summary

	TSBPA		State-wide	Variance	
1998	16.62%	a	13.20%	3.42%	<i>favorable</i>
1999	16.37%	a	12.56%	3.81%	<i>favorable</i>
2000	18.75%	a	13.20%	5.55%	<i>favorable</i>
2001	28.53%	a	12.00%	16.53%	<i>favorable</i>
2002	31.63%	a	11.10%	20.53%	<i>favorable</i>
2003	31.59%	a	12.50%	19.09%	<i>favorable</i>
2004	22.37%	a	13.90%	8.47%	<i>favorable</i>
2005	18.84%		13.70%	5.14%	<i>favorable</i>
2006	22.42%		12.90%	9.52%	<i>favorable</i>
2007	21.36%		13.60%	7.76%	<i>favorable</i>
2008	13.54%	b	13.20%	0.34%	<i>favorable</i>
2009	21.40%		14.10%	7.30%	<i>favorable</i>
2010	12.52%	c	15.80%	-3.28%	<i>unfavorable</i>
2011	8.94%	d	14.46%	-5.52%	<i>unfavorable</i>
2012	7.77%	e	13.87%	-6.10%	<i>unfavorable</i>
2013	10.25%	f	13.42%	-3.17%	<i>unfavorable</i>
2014	14.45%		12.58%	1.87%	<i>favorable</i>
2015	14.53%	g	11.97%	2.56%	<i>favorable</i>
2016	35.58%		11.30%	24.28%	<i>favorable</i>
2017	50.32%		11.97%	38.35%	<i>favorable</i>
2018	37.85%		13.08%	24.77%	<i>favorable</i>
2019	34.21%		12.77%	21.44%	<i>favorable</i>
2020	19.44%		11.74%	7.70%	<i>favorable</i>
2021	21.52%		10.48%	11.04%	<i>favorable</i>
2022	35.35%		11.83%	23.52%	<i>favorable</i>
2023	40.69%		12.80%	27.89%	<i>favorable</i>
2024	49.39%		11.49%	37.90%	<i>favorable</i>

a TSBPA HUB expenditures as adjusted for Uniform CPA Examination Grading expenditures.

b FY 2008 TSBPA amount as adjusted for single information technology purchase.

c Lower HUB expenditures in FY 2010 due to reduced budget for internal audit services, elimination of microfilming due to implementation of digital imaging, use of state print shop for printing services

d Lower HUB expenditures in FY 2011. Other Services category would increase if a qualified HUB vendor would register for HUB status. Total HUB expenditures would be 44.35%.

e Lower HUB expenditures in FY 2012. Other Services category would increase if a qualified HUB vendor would register for HUB status. Total HUB expenditures would be 29.54%.

f Lower HUB expenditures in FY 2013. Other Services category would increase if three eligible/qualified HUB vendors would register for HUB status. Total HUB expenditures would be 25.47%.

g FY 2015 TSBPA amount as adjusted for outside legal counsel expenditures.

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

- E. Report on *Eighty-ninth Texas Legislative Session* – Proposed legislation affecting the *Public Accountancy Act* and designating agency representatives.
1. Review of the proposed legislation affecting the *Public Accountancy Act*. S.B. 262, S.B. 522, S.B. 716, and H.B. 587.
 2. Designation of Board representatives to serve as resource witnesses and respond to questions during the 89th session of the Texas Legislature beginning January 14, 2025.

Agenda Item IV
Report of the Joint Executive and Rules Committee
January 15, 2025

1. Review of the proposed legislation affecting the *Public Accountancy Act*: S.B. 262, S.B. 522, S.B. 716, and H.B. 587.

DISCUSSION: Ms. Seefeld, Presiding Officer, will report to the Board on proposed revisions to the *Texas Public Accountancy Act*.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

By: Perry

S.B. No. 262

A BILL TO BE ENTITLED

1

AN ACT

2 relating to eligibility requirements to practice public
3 accountancy.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 901.252, Occupations Code, is amended to
6 read as follows:

7 Sec. 901.252. ELIGIBILITY REQUIREMENTS. To be eligible to
8 receive a certificate, a person must:

9 (1) satisfy the requirements of Section 901.253;

10 (2) complete:

11 (A) at least 150 semester hours or quarter-hour
12 equivalents in board-recognized courses, including an accounting
13 concentration or equivalent courses that meet the education
14 requirements established under Section 901.254, as determined by
15 board rule; or

16 (B) a baccalaureate degree with an accounting
17 concentration or equivalent courses that meet the education
18 requirements established under Section 901.254, as determined by
19 board rule;

20 (3) pass the uniform CPA examination;

21 (4) meet the work experience requirements established
22 under Section 901.256; and

23 (5) pass an examination on the rules of professional
24 conduct as determined by board rule.

1 SECTION 2. Section 901.256, Occupations Code, is amended by
2 adding Subsection (a-1) to read as follows:

3 (a-1) To be eligible to receive a certificate with a
4 baccalaureate degree under Section 901.252(2)(B), a person must
5 complete two years of experience as determined by board rule.

6 SECTION 3. Section 901.258(a), Occupations Code, is amended
7 to read as follows:

8 (a) The board may accept the completion of the uniform CPA
9 examination given by the licensing authority of another state if:

10 (1) the examination was prepared and graded by the
11 American Institute of Certified Public Accountants or, if doing so
12 would result in a greater degree of reciprocity with the
13 examination results of other states, the National Association of
14 State Boards of Accountancy; and

15 (2) the applicant met the requirements in effect in
16 this state, as determined by board rule, at the time the credit was
17 earned.

18 SECTION 4. Section 901.312(a), Occupations Code, is amended
19 to read as follows:

20 (a) The board may accept the partial completion of the
21 uniform CPA examination given by the licensing authority of another
22 state if:

23 (1) the examination was prepared and graded by the
24 American Institute of Certified Public Accountants or, if doing so
25 would result in a greater degree of reciprocity with the
26 examination results of other states, the National Association of
27 State Boards of Accountancy;

1 (2) the credit is active in the other state; and

2 (3) at the time the credit was earned, the applicant
3 met the requirements in effect in the other state and the other
4 state's standards are equal to or higher than the standards
5 prescribed by this chapter or a rule adopted under this chapter.

6 SECTION 5. As soon as practicable after the effective date
7 of this Act, the Texas State Board of Public Accountancy shall adopt
8 rules as necessary to implement the changes in law made by this Act
9 to Chapter 901, Occupations Code.

10 SECTION 6. This Act takes effect September 1, 2025.

By: Perry

S.B. No. 522

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the practice of accounting in this state by certain
3 certified public accountants licensed in other states.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 901.462, Occupations Code, is amended by
6 amending Subsection (a) and adding Subsections (a-1), (e), and (f)
7 to read as follows:

8 (a) An individual who holds a certificate or license as a
9 certified public accountant issued by another state and whose
10 principal place of business is not in this state may exercise all
11 the privileges of certificate and license holders of this state
12 without obtaining a certificate or license under this chapter if:

13 (1) the [~~National Association of State Boards of~~
14 ~~Accountancy's National Qualification Appraisal Service has~~
15 ~~verified that the other state has education, examination, and~~
16 ~~experience requirements for certification or licensure that are~~
17 ~~comparable to or exceed the requirements for licensure as a~~
18 ~~certified public accountant of The American Institute of Certified~~
19 ~~Public Accountants/National Association of State Boards of~~
20 ~~Accountancy Uniform Accountancy Act and the]~~ board determines that
21 the licensure requirements in the other state [~~of that Act~~] are
22 comparable to or exceed the licensure requirements of this chapter;
23 or

24 (2) the individual:

1 (A) is certified or licensed in the other state
2 and is in good standing in the other state;

3 (B) has passed the uniform CPA examination;

4 (C) has completed:

5 (i) a baccalaureate degree with at least
6 150 semester hours with a concentration in accounting or equivalent
7 courses;

8 (ii) a graduate degree with a concentration
9 in accounting or equivalent courses; or

10 (iii) a baccalaureate degree with a
11 concentration in accounting or equivalent courses; and

12 (D) at the time the individual's certificate or
13 license was issued, had:

14 (i) not less than one year of work
15 experience if licensed under an educational pathway comparable to
16 Paragraph (C)(i) or (ii); or

17 (ii) not less than two years of work
18 experience if licensed under an educational pathway comparable to
19 Paragraph (C)(iii).

20 (a-1) In making a determination under Subsection (a)(1),
21 the board may use the resources provided by the National
22 Association of State Boards of Accountancy's National
23 Qualification Appraisal Service, if the appraisal service has
24 reviewed the education, examination, and experience requirements
25 for certification or licensure in the other state and compared them
26 to the requirements for licensure as a certified public accountant
27 in this state.

1 (e) Notwithstanding any other provision of law, the board
2 may prohibit an individual not licensed in this state from
3 exercising the privileges of certificate and license holders of
4 this state if the board determines that the individual has not met
5 the requirements provided under Subsection (a)(2).

6 (f) An individual who is certified or licensed in another
7 state as of January 1, 2025, maintains and exercises all the
8 privileges of certificate and license holders of this state without
9 obtaining a certificate or license of this state and shall be
10 subject to the provisions [~~obtains from the National Association of~~
11 ~~State Boards of Accountancy's National Qualification Appraisal~~
12 ~~Service verification that the individual's education, examination,~~
13 ~~and experience qualifications are comparable to or exceed the~~
14 ~~requirements for licensure as a certified public accountant of The~~
15 ~~American Institute of Certified Public Accountants/National~~
16 ~~Association of State Boards of Accountancy Uniform Accountancy Act~~
17 ~~and the board determines that the licensure requirements of that~~
18 ~~Act are comparable to or exceed the licensure requirements]~~ of this
19 chapter.

20 SECTION 2. This Act takes effect September 1, 2025.

By: Sparks

S.B. No. 716

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the issuance of an occupational license to certain
3 out-of-state applicants.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Title 2, Occupations Code, is amended by adding
6 Chapter 61 to read as follows:

7 CHAPTER 61. LICENSING OF CERTAIN OUT-OF-STATE APPLICANTS

8 Sec. 61.001. DEFINITION. In this chapter, "license" means
9 a license, certificate, registration, permit, or other form of
10 authorization required by law or rule that must be obtained by an
11 individual to engage in a particular business or occupation.

12 Sec. 61.002. APPLICABILITY; EXCEPTION. (a) This chapter
13 applies only to the issuance of a license by any of the following
14 licensing authorities:

15 (1) Executive Council of Physical Therapy and
16 Occupational Therapy Examiners;

17 (2) Department of Public Safety of the State of Texas;

18 (3) Department of State Health Services;

19 (4) Health and Human Services Commission;

20 (5) State Board for Educator Certification;

21 (6) State Board of Dental Examiners;

22 (7) State Board of Veterinary Medical Examiners;

23 (8) Supreme Court of Texas;

24 (9) Texas Appraiser Licensing and Certification

1 Board;

2 (10) Texas Behavioral Health Executive Council;

3 (11) Texas Board of Architectural Examiners;

4 (12) Texas Board of Chiropractic Examiners;

5 (13) Texas Board of Nursing;

6 (14) Texas Board of Professional Engineers and Land

7 Surveyors;

8 (15) Texas Department of Insurance;

9 (16) Texas Department of Licensing and Regulation;

10 (17) Texas Medical Board;

11 (18) Texas Optometry Board;

12 (19) Texas State Board of Acupuncture Examiners;

13 (20) Texas State Board of Pharmacy;

14 (21) Texas State Board of Plumbing Examiners; and

15 (22) Texas State Board of Public Accountancy.

16 (b) This chapter does not apply to a license or other
17 authorization required for the establishment or operation of a
18 facility.

19 Sec. 61.003. ISSUANCE OF LICENSE TO CERTAIN OUT-OF-STATE
20 APPLICANTS. (a) Notwithstanding any other law, a licensing
21 authority described by Section 61.002(a) shall issue a license to
22 an applicant who pays any required fees and:

23 (1) holds a current license in good standing in
24 another state with a similar scope of practice, as determined by the
25 licensing authority;

26 (2) has held the license for at least one year;

27 (3) was required to pass an examination or meet other

1 experience, education, or training requirements to obtain the
2 license;

3 (4) does not have a disqualifying criminal history as
4 determined by the licensing authority;

5 (5) has not been subject to the revocation or
6 surrender of the license in any state due to unprofessional conduct
7 or while under investigation for unprofessional conduct in the
8 performance of work under the license;

9 (6) is not currently subject to ongoing discipline by
10 a regulatory agency in connection with the applicant's license,
11 including a probated suspension, limitation on scope of practice,
12 or program of additional monitoring; and

13 (7) is not currently the subject of a complaint or
14 investigation in the other state for an act that constitutes
15 unprofessional conduct or an offense.

16 (b) For purposes of Subsection (a)(1), if the applicant
17 holds a license of similar scope in more than one state, each
18 license must be in good standing in each state.

19 (c) Before a license may be issued under Subsection (a), the
20 licensing authority must request and receive from the other state
21 confirmation that the applicant meets the requirements described by
22 Subsection (a)(3).

23 (d) An applicant for a license under this section may be
24 required to pass a jurisprudence examination specific to the
25 relevant laws of this state applicable to the activities for which
26 the license is sought if a similar examination is required to obtain
27 the license for all other applicants.

1 (e) Each licensing authority described by Section 61.002(a)
2 shall adopt rules to implement this section.

3 SECTION 2. (a) Each licensing authority to which Section
4 61.003, Occupations Code, as added by this Act, applies shall adopt
5 rules required by that section not later than January 1, 2026.

6 (b) Chapter 61, Occupations Code, as added by this Act,
7 applies only to an application for a license submitted to a
8 licensing authority to which that chapter applies on or after
9 January 1, 2026.

10 SECTION 3. This Act takes effect September 1, 2025.

By: Harrison

H.B. No. 587

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a requirement that certain rules proposed by state
3 agencies in the executive branch of state government be approved by
4 certain elected state officials.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 2001.024, Government Code, is amended by
7 adding Subsection (e) to read as follows:

8 (e) This subsection applies only to a rule proposed by a
9 state agency in the executive branch of state government. In
10 addition to any other requirement under this section, the notice of
11 a proposed rule to which this subsection applies must include a
12 certification that the rule has been reviewed and approved by the
13 governor or, if the state agency providing notice of the proposed
14 rule is governed by one or more elected state officers, an elected
15 state officer of that agency. The certification must be signed by
16 the governor or an elected state officer of the agency, as
17 applicable.

18 SECTION 2. Section 2001.034, Government Code, is amended by
19 adding Subsection (e) to read as follows:

20 (e) This subsection applies only to an emergency rule
21 proposed under this section by a state agency in the executive
22 branch of state government. Not later than the 10th day after the
23 date a state agency adopts an emergency rule to which this
24 subsection applies, the agency must submit the rule for approval by

1 the governor or, if the agency submitting the rule for approval is
2 governed by one or more elected state officers, an elected state
3 officer of that agency. Notwithstanding Subsection (c) of this
4 section, if the governor or an elected state officer of the agency,
5 as applicable, does not approve the emergency rule, the emergency
6 rule may not be renewed by the agency and a rule that is
7 substantially the same as the disapproved emergency rule may not be
8 adopted by the agency under Sections 2001.023 and 2001.029.

9 SECTION 3. The changes in law made by this Act apply only to
10 a state agency rule proposed on or after the effective date of this
11 Act. A rule proposed before that date is governed by the law in
12 effect on the date the rule was proposed, and the former law is
13 continued in effect for that purpose.

14 SECTION 4. This Act takes effect September 1, 2025.

Agenda Item IV
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2. Designation of Board representatives to serve as resource witnesses and respond to questions during the 89th session of the Texas Legislature beginning January 14, 2025.

DISCUSSION: During this upcoming legislative session this agency may expect legislators to direct questions to this agency regarding the effect that proposed legislation may have on this agency's regulatory program. This agency needs to have individuals, with expertise, that can immediately respond to questions and possibly serve as resource witnesses. This could include informal discussions with individual legislators or their staff or testifying during legislative committee meetings. It is important that the agency have a point of contact for these inquiries.

RECOMMENDATION: Authorize the Presiding Officer, Executive Director and General Counsel to respond to legislative questions and possibly serve as resource witnesses.

SUGGESTED MOTION: Move to authorize Debra Seefeld, William Treacy and J. Randel Hill to represent the Board in responding to legislative questions and possibly serve as resource witnesses during the 89th Session of the Texas Legislature beginning January 14, 2025.

Agenda Item IV
Report of the Joint Executive and Rules Committee
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F. Review of NASBA/AICPA matters:

DISCUSSION: Ms. Seefeld, Presiding Officer, will present the following NASBA/AICPA matters:

- NASBA dates of interest
 - a. 30th Annual Conference for Board of Accountancy Legal Counsel, March 25 – 27, 2025 - Clearwater Beach, FL.
 - b. 43rd Annual Conference for Executive Directors & Board Staff, March 25 – 27, 2025 - Clearwater Beach, FL.
 - c. Western Regional Meeting, June 17 - 19, 2025 - New Orleans, LA.
 - d. 118th Annual Meeting, October 26 - 29, 2025 - Chicago, IL.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

Agenda Item IV
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January 15, 2025

G. Review of general correspondence.

DISCUSSION: Ms. Seefeld, Presiding Officer, will review general correspondence coming to the Board's attention.

RECOMMENDATION: None by staff.

SUGGESTED MOTION: None by staff.

NASBA

National Association of State Boards of Accountancy

150 Fourth Avenue North ♦ Suite 700 ♦ Nashville, TN 37219-2417 ♦ Tel 615/880-4200 ♦ Fax 615/880-4290 ♦ Web www.nasba.org

October 10, 2024

Susan I. Adams, CPA
12221 Merit Dr., Ste 1800
Dallas, TX 75251

Dear Susan:

Thank you for your willingness to serve NASBA by being a member of the 2024-25 Bylaws Committee. We are looking forward to a progressive and productive committee year. The committee's charge is to:

Review and consider best practices from various sources and recommend amendments to the Board of Directors for approval and subsequent vote by Member Boards.

Your primary committee liaison is Brie Allen. Your committee chair, for the upcoming year, will be appointed at the annual meeting, October 27–30, 2024. You will be notified regarding your committee chair once assigned. Should you have any questions, please contact Brie, by email at ballen@nasba.org or by telephone at (615) 312-3777.


The committee selection and structure process has resulted in the consideration of certain factors related to the period of service (three years with the exception for special expertise and experience); definition of diversity (expanded to include states, regions, and firm size); structure and size (generally reduced to contribute to efficiency) and certain changes in members. We are also focused on a new leadership development program.

As Chair-Elect and President and CEO of NASBA, we are looking forward to working with you throughout this next committee year. We, as always, appreciate you spending your valuable time as a NASBA committee member.

Sincerely,



Daniel J. Dustin, CPA
President & CEO



Maria E. Caldwell, CPA
Chair-Elect

From: Tyson Slesnick <twsles@gmail.com>
Sent: Thursday, November 14, 2024 2:28 PM
To: TSBPA Licensing
Subject: Martha Kuhl Kudos

Follow Up Flag: Follow up
Flag Status: Flagged

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi Texas CPA Board -

I wanted to take a quick moment to commend Martha for her outstanding support in helping me navigate my CPA licensing and requirements.

Martha consistently provided exceptional client service, going above and beyond to ensure that my questions were not only answered but fully resolved. She displayed attentive listening, empathy, and a proactive approach, swiftly addressing any issues that arose. Thanks to her dedication and expertise, Texas CPAs are truly in good hands with Martha looking out for them.

Thank you,
Tyson

--
Tyson Slesnick
twsles@gmail.com
512.350.9811

From: Jennifer Matsuura <Jennifer.Matsuura@hcv.t.com>
Sent: Monday, November 25, 2024 2:20 PM
To: Rhonda Fellner <RFellner@tsbpa.texas.gov>
Subject: Re: CPE SPONSOR RENEWAL APPROVAL - 010712

Rhonda,

You are amazing! Thank you for quick turnaround! It's just unheard of in other states.

Happy Thanksgiving to you!

Take care,
Jennifer

From: Rhonda Fellner <RFellner@tsbpa.texas.gov>
Sent: Monday, November 25, 2024 11:20 AM
To: Jennifer Matsuura <Jennifer.Matsuura@hcv.t.com>
Subject: [EXTERNAL] CPE SPONSOR RENEWAL APPROVAL - 010712

Jennifer,
Attached is your 2025 CPE sponsor renewal approval.

Rhonda Fellner
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