

BoardWatch Report

A service of the Texas Association of CPAs (TACPA)

Report on the Meeting of the Texas State Board of Public Accountancy September 18 & 19, 2019

To: All TACPA and NCCPAP Members

I was able to attend the bi-monthly meeting of the Texas State Board of Public Accountancy on September 18-19. Before I went, I took a look at the composition of the Board. There are 4 attorney/CPAs, 3 CPAs from large firms, 3 CPAs from medium size firms, 1 CPA from a small firm, 1 financial advisor, 1 professor, 1 retirement consultant, and 1 PHD psychologist. We are working to get more small firm representation on the Board. Additional information about the Board can be found on the TSBPA website.

The **Rules Committee** met on Wednesday, September 18. The staff had recommended changes to various rules.

501.91 Reportable Events was changed to clarify the definition of reportable events as it related to negotiated settlements. Language from the North Carolina Board of Accountancy was used.

515.1 License was amended to include the new fingerprint requirement.

The following rule change recommendations will be published in the **Texas Register**. We have 30 days to submit comments. The Board then considers the changes with the public comments. Once the rule is adopted it is published in the Texas Register in its final form and becomes effective 20 days after filing.

519.21 Investigations changed to remove the quarterly notice requirement

519.29 Voluntary Surrender of Certificate changed to reflect the new fingerprint requirement

519.95 Reinstatement changed to reflect the new fingerprint requirement

The term “good moral character” was dropped from The Act effective 9/1/19 due to the fact it was broad and subjective. The following rules are being changed to eliminate this term and replacing it with “lacks a history of dishonest or felonious acts”. These recommended changes will be published in the Texas Register for public comment.

511.22 Initial Filing of the Application of Intent

511.27 Good Moral Character Evidence from Foreign Residents

511.161 Qualification for Issuance of a Certificate

511.162 Application for Issuance of the Certificate by Exam After Completion of the CPA Examination

512.1 Certification as a Certified Public Accountant by Reciprocity

512.4 Application for Certification by Reciprocity

513.11 Qualification for Non-CPA Owners of Firm License Holders

519.7 Misdemeanors that Subject a Licensee or Certificate Holder to Discipline by the Board. - Chapter 53 of the Texas Occupations Code has been amended to remove the section that permits a board to suspend, revoke or deny a license when the offense does not directly relate to the duties and responsibilities of the occupation if the offense was committed less than five years before the date the person applies for the license. Chapter 53

does permit disciplinary action if an offense is directly related to the duties and responsibilities of the licensee. The Public Accountancy Act Sec 901.005 provides that the public relies on the competence and integrity of Certified Public Accountants. The Board considers a conviction, or placement on deferred adjudication, of a felony or misdemeanor to be evidence of the lack of integrity, thus permitting disciplinary action by the Board. Thus any such offense is considered directly related. It is not necessary for the offense to be directly related to the duties and responsibilities of the licensee. This recommended change will be published in the Texas Register for public comment.

The Board received a letter from the Governor's office requiring that all proposed rule changes or adoptions be provided to his office for review for possible, "market competition", effects prior to being published in the Texas Register. Presumably this is a result of the North Carolina Dental Examiners Board case.

The Executive Committee met on Wednesday September 18. Fiscal matters were discussed and slight fee increases were approved.

The Texas Facilities Commission has advised the Board that they need to relocate their offices. The Executive Director was granted authority to locate new offices and oversee the move. He will be working with the Texas Board of Architectural Examiners to coordinate a joint effort in new space with the goal of achieving economies of scale.

The Board wrote a response letter to the National Association of State Boards of Accountancy regarding the CPA Evolution Guiding Principles. This is a joint effort between the NASBA and the AICPA to explore modifying the requirements for initial CPA licensure to incorporate new technology. The Board agreed that changes are needed but disagreed that they need to be rapid and transformational. The Board urged a consistent and professional approach.

The Board Meeting was held Thursday September 19. There were about 19 of us in the gallery. I believe 8 were Board staffers and 2 were from the TSCPA. The Public Comment period was third on the agenda after the call to order and the approval of previous minutes. This means that you would have to have attended the committee meetings on Wednesday and developed your comments on Wednesday night in order to make a meaningful presentation during this time. This also means the Board does not have to provide for public comment as they work their way through the remainder of the agenda.

The Board approved next year's meeting calendar. They approved the actions and recommendations coming out of the committees. Administrative and disciplinary actions were approved.

The meeting adjourned at 11:23 AM. There were lots of sidebars and discussions after adjournment.

I hope you find this report informative. I strongly recommend that you review the Texas Register for the proposed rule changes and comment as you feel necessary. I believe that the comments are read as one comment letter was included in the agenda for the Rules Committee meeting.

As our activity with the Sunset Commission showed, we can affect the governance of our profession if we get involved.

I encourage all CPAs to email register@sos.texas.gov and ask to be placed on the notification list for when each issue of the **Texas Register**, (published each Friday), is posted.

Frank E Sands, CPA

President - Texas Association of CPAs

Board Member - National Conference of CPA Practitioners (NCCPAP)