



TEXAS STATE BOARD REPORT

NOVEMBER, 1982 AUSTIN, TEXAS VOL. 10

1983 LICENSE RENEWALS INCLUDE MANDATORY CE REPORTING

The 1983 license renewal forms have been mailed and include, for the first time, a requirement for *mandatory reporting* and itemizing of CE hours. Block C on the first page of the renewal form includes a space for reporting the total number of CE hours earned for the period September 1, 1981, through August 31, 1982. This block is to be completed even if the number of hours accumulated is zero. Those licensees who report hours other than zero are then instructed to itemize the CE hours on the continuation page attached to the renewal form.

The CE continuation page is very similar to the proposed format published in the October, 1981, issue of the BOARD REPORT. Instructions for completion of the page are included above the itemization form.

In Section I, the licensee should enter:

- Code—Enter the appropriate code—A, B, C, or D.
 - A—A participant in a course or program offered by a university or other organization—hours claimed should be the actual number attended, using 50 continuous minutes to equal one CE contact hour.
 - B—An instructor, discussion leader, or lecturer in a CE program—hours claimed may include, for the initial presentation of a program, preparation and presentation time as follows:
 - presentation—actual number of hours,
 - preparation—up to twice the presentation time.
 The number of hours as "B," however, should not exceed 50% of the total CE credit hours claimed for a reporting period.
 - C—An author of published articles or books—CE credit hours for preparation may be claimed up to ten hours per reporting period (in exceptional circumstances, a licensee may submit a request to the Board for additional credit, the request to be accompanied by a copy of the publication and a justification for the additional credit).
 - D—A participant in a correspondence or individual study program—one-half of the average completion time is recommended as the CE contact hours

to be claimed (since credit time is not allowed to participant for preparation time in group programs, preparation time should not be counted in self-study programs).

- Date(s) of attendance at CE courses or programs
- School, firm or organization conducting program (or name of provider of home study courses)
- Title of program or description of contents
- Hours claimed for each program or course

In Section II, licensees should enter the totals of the various codes entered in Section I.

Section III includes space for prorating CE hours to the generally recognized areas of practice. Licensees are asked to include any CE contact hours not clearly identified as Auditing, General Accounting, MAS, or Tax under the Practice Management heading.

Licensees are reminded that CE hours earned must be reported, even if the number is zero. Supporting documents should NOT be included with or attached to the renewal notice.

As reported in the August, 1982, issue of the BOARD REPORT, CE ATTENDANCE will be mandatory for licensees in public practice for the 1985 renewal year, provided that there has been established within the Board organization a CE section headed by a qualified director and supported by adequate staff and facilities to afford a viable and positive program of review and enforcement, to the end that the program will lead to improved professional competence among persons licensed by the Board.

The Board will continue to forward copies of complete CE rules upon request (the complete rule regarding mandatory reporting and attendance was printed in the August, 1982, BOARD REPORT, and the CE program standards were summarized in the October, 1981, issue).

The Licensing Section reports that from reviewing the renewal forms already returned to the Board by licensees, a pattern of errors can easily be identified. The most common errors are:

continued on page 2

1983 LICENSE from page 1

- Omission of signature in Block E
- Omission of fee payment
- Failure to sign check enclosed for fee payment
- Incorrect amount on check

Other errors for which the renewal materials will be returned to licensees are:

- Block D unsigned (retired status)
- Ineligibility for retired status
- Renewal notice not included

If license renewals or corrected license materials are not postmarked on or before December 31, 1982, a penalty of \$20.00 must be included along with other renewal fees.

The annual renewal fee is \$30.00 and the retired fee is \$10.00. The Board cannot waive payment of the \$20.00 penalty if postmarked after December 31, as the Public Accountancy Act of 1979, as amended, reads, "The Board shall have no authority to waive the collection of any fee or penalty."

Questions regarding license renewals or CE should be referred to the Licensing Section or CE Coordinator at (512) 451-6576.

...IMPORTANT...

The Board has acquired additional telephone numbers to facilitate responding to inquiries:

- Current Licensing and Examination Information** (a recording which is updated regularly) (512) 451-3060
- Administration and Enforcement** (512) 451-0241
- Licensing and Examination Sections** (including CE Coordinator) (512) 451-6576

BOARD OFFICES TO RELOCATE IN MARCH

The Board has been notified that its current office lease will not be renewed. Specifications for other quarters have been prepared and include requirements for additional hearings/informal conference/committee meeting rooms.

The anticipated moving date is March 12, 1983. CHANGE OF ADDRESS AND NEW TELEPHONE NUMBERS will be included in the February issue of the BOARD REPORT.

MAY, 1983 EXAM SCHEDULE

The schedule for the May, 1983, Uniform CPA Examination is as follows:

Examination Sites

Austin	Erwin Special Events Center
El Paso	University of Texas at El Paso Special Events Center
Fort Worth	Tarrant County Convention Center
Galveston	Moody Convention Center
Lubbock	Lubbock Civic Center
San Antonio	San Antonio Convention Center
Temple	Mayborn Civic & Convention Center
Wichita Falls	Wichita Falls Activities Center

Examination Times

May 4 —	1:30 p.m. to 6:00 p.m. Accounting Practice, Part I
May 5 —	8:30 a.m. to 12:00 Noon Auditing 1:30 p.m. to 6:00 p.m. Accounting Practice, Part II
May 6 —	8:30 a.m. to 12:00 Noon Business Law 1:30 p.m. to 5:00 p.m. Accounting Theory

The deadline for submission of applications to sit for the May exam is February 28, 1983. Grades from the November, 1982, exam will be released January 31, 1983.

CANDIDATES REPRIMANDED

Licensees who employ or know examination candidates are asked to disseminate the following information to those individuals:

As a result of violation of Board instructions at the May, 1982, examination, a number of candidates were given an official written reprimand and assigned to different examination sites for the November examination.

Candidates are informed both in writing and verbally during the examination that they are not to sit at the same table if they have studied together, attended the same college or refresher course, work together, or are related by blood or marriage. When these instructions are disregarded, and when unusual similarities appear in answers to questions, the Board has no choice but to investigate the possibility of cheating.

The Board is aware that similarities in answers sometimes occur for reasons other than cheating. The instructions regarding seating are given to enable the candidates, if called before the Board, to testify to having sat apart during the examination, thus eliminating the most obvious opportunities for cheating.

It is possible that if similar violations continue to occur, more serious penalties will be considered, including the possible prohibition of the candidates from sitting for future examinations.

From The Chairman...

I have noted over the past several years that certain Rules of Professional Conduct are frequently misunderstood or willfully violated by licensees. These rules concern return of client records, solicitation, and responding to Board correspondence. In an effort to clarify Board policy, I will briefly review each of the rules:

Records (Section 501.32)— A large number of complaints received by the Board pertain, at least in part, to the failure of the licensees to return client records when the records have been requested either verbally or in writing.

Although the rule is fairly clear-cut on this point, it is possible that some confusion exists with regard to the "reasonable charge" a licensee is entitled to expect when furnishing the requested records.

The Board interprets a reasonable charge as, for example, costs incurred in duplication of the records, and *NOT* as fees owed by clients either for services rendered or for services in various stages of preparation. A licensee cannot, therefore, without violation of the Rules, withhold requested documents in order to insure payment of fees.

The return of records to a client does not preclude, of course, the licensee from maintaining copies of records when they "form the basis for work done by him." In addition, "working papers developed by a licensee during the course of a professional engagement as a basis for, and in support of, an accounting, audit, consulting, tax, or other professional report prepared by the licensee for a client" are the property of that licensee.

The working papers as described above, however, differ from those working papers which include records which constitute part of the client's books and records and are not otherwise available to the client. These working papers must be furnished to the client upon request.

In instances when licensees have been called before the Board for possible violation of the Rules or the Act, and when return of records is involved, the Board has protected the client's right to the return of the requested documents in accordance with the Rules.

Solicitation (Section 501.44)— Another area of frequent questioning or violation concerns solicitation; the violations often tend to involve those licensees who are either opening new practices or who are leaving one firm to begin private practice or join another firm.

The rule is fairly clear in specifying under what conditions solicitation is acceptable: when made to a person or firm who is currently a client, when invited by the person or firm to whom it is made, when made to persons or firms seeking professional accounting services and not currently being provided these services by another licensee.

A "fine line" might seem to exist between solicitation and advertising. Solicitation, however, is defined in the Rules as "a *private communication* by a licensee which has reference to the performance of professional services by the licensee or the licensee's firm for the persons to whom the message is transmitted."

An advertisement, on the other hand, refers to "a *public communication* by a licensee having reference to the

availability of the licensee or the licensee's firm to perform professional services."

The definition in the Rules of a public communication requires that the message be sent to multiple addressees and must be identical in form. In the case of transmissions in written form, the names, addresses, and salutations inside the communication are considered a part of the message and must, therefore, be identical in form. The postal or other *outside address* is not considered part of the message.

The burden of proof that a solicitation meets the acceptable standards of the Rules falls on the licensee, and the Board has, as necessary, required licensees to provide this proof. Solicitation and advertising should not be confused.

Responses (Section 501.48) — For obvious reasons, the Board both expects and requires responses to certain communications. The rule allows no latitude and requires a response within 30 days "of the mailing of such communication by registered or certified mail." It should be noted that the refusal of a licensee to accept Board correspondence does not alleviate the responsibility for replying, as the rule reads "within 30 days of the *mailing of*" the communication by registered or certified mail.

In the Board's opinion, there is rarely a valid reason for any licensee to fail to respond to a Board communication, and it is certainly to a licensee's benefit to do so in a prompt and complete manner.

It is not the purpose of the Rules to unduly burden licensees. Those rules discussed herein, however, are basic to the integrity of the profession or to the administrative process of the Board. Each issue of the BOARD REPORT contains a "Question and Answer" section dealing with topics such as I have discussed. Should you have questions you would like addressed in the section, please send them to the attention of the Editor of the BOARD REPORT. Every effort will be made to furnish clarifying or explanatory information.

Oscar E. Reeder, Chairman

MEETINGS

Texas State Board of Public Accountancy:

January 27-29, 1983
February 24-26, 1983
March 24-26, 1983
April 21-23, 1983
May 13-14, 1983

CPA Swearing-in Ceremony:

May 14, 1983 Austin, Texas

National Association of State Boards of Accountancy:

February 14-15, 1983 Administrators' Conference
 Austin, Texas
June 6-7, 1983 Regional Meeting
 New Orleans, Louisiana

LARSON SPEAKS AT SWEARING-IN CEREMONY

November 13, 1982, was a memorable day for 507 new CPAs who received their certificates at the Swearing-in Ceremony in Austin.

The guest speaker was **Rholan E. Larson**, Chairman of the Board of the American Institute of CPAs (AICPA). Mr. Larson, who is the managing partner of Larson, Allen, Weishair & Co. of Minneapolis, is Past President of the Minnesota Society of CPAs and has served on numerous committees both at state and national levels. "Success" and its implications was included in Mr. Larson's topic. "Success, to me, means contributing to your profession, your families, and to society. . .and enjoying it," Mr. Larson said.

Brooks Wilson, Vice Chairman of the Board, reminded candidates of the serious implications inherent in the "Oath of Office."

Other program participants were **Sue W. Briscoe**, Treasurer, who welcomed the candidates; **Randall D. Kelley**, candidate, who responded to Ms. Briscoe's welcome; **Miller Montag**, Secretary, who introduced the speaker; and **Carroll W. Phillips**, who represented the Texas Society of CPAs.

A highlight of the ceremony was the presentation by Board Chairman, **Oscar E. Reeder**, of awards for outstanding achievement on the Uniform CPA Examination. The ten Texas candidates who passed all parts of the examination at the initial sitting and who earned the highest cumulative scores were awarded plaques honoring their accomplishment.

Receiving the award as the candidate with the highest cumulative score was **Randall D. Kelley**, a former resident of Bryan and a Pasadena native. He is a 1981 *summa cum laude* graduate of Texas A&M University and is currently a graduate student at Stanford University. Mr. Kelley flew from California to participate in the ceremony.

Other "Top Ten" award recipients:

Charles Burke Lansdell, Houston, graduated from Rice University and is currently attending the University of Houston. He is employed by Deloitte Haskins & Sells.

Joyce Nadine N. Smith of Missouri City, is an honors graduate from the University of Arkansas. She accumulated the bulk of her accounting hours at the University of Houston and is employed with Benjamin F. Smith, Public Accounting.

A *magna cum laude* graduate from Southern Methodist University, **Anne Louise Londeree** is employed by Meinke, McBee & Co. of Dallas.

Rickie A. Lacher, also of Dallas, is a graduate of The University of Texas at Austin with highest honors and The University of Texas School of Law with high honors. He is employed by the law firm of Hughes & Hill.

A graduate of the University of Leeds with a major in Geography and History, **Trevor John Wallinger** is now in Houston and employed by Touche Ross & Co.

Graduating from the University of Maryland with a B.A., from George Washington University with an M.B.A., and from The University of Texas at Arlington with a Master of Professional Accounting, **Lawrence G. Larkin** lives in Fort Worth and is employed by Kendavis Industries International, Inc.

William Joey Styron, another resident of Houston, earned a B.B.A. from the University of Houston and is employed by Barziza, Jordan & Co., P.C.

An English and Math honors graduate of North Texas State University, **Delila S. Husband** lives in Dallas and is employed by Travis & Associates.

Marcella C. Michie is an employee of D. Marion Wood & Co. of Dallas and attended The University of Texas at Arlington.

At the conclusion of the ceremony, Chairman Reeder administered the Oath of Office, and members of the Board presented the CPA certificates.

Following the ceremony, the Texas Society of CPAs hosted a reception for the new CPAs and their guests.

LETTERS TO THE EDITOR:

Dear Ms. Johnson:

In cases where the registered Public Accountant also holds a Treasury Card: "Enrolled Practitioners" allowing them to represent clients in tax audits and appeals before the IRS, I think this extra qualification should also be noted in your Texas State Board of Public Accountancy, Directory of Licensees.

In my opinion, holding a Treasury card is related to accounting practice, procedure and representation and as stated should be noted. However, I am sure the Board, if interested, will check with the IRS - Director of Practice, as to the legality of this suggestion.

I feel, without reservation, and due to the Freedom of Information Act, it may be possible to get a complete listing of all Public Accountants holding a Treasury Card.

Respectfully,
John T. Nale, Ruidoso, NM

[Editor's note: The Board has been advised that it would not be able to disclose such information about licensees without the written consent of each licensee (reference: Section 25 of the Act). Moreover, even if the Board could legally disclose the qualifications of its licensees in the Directory, it would not be advisable to permit one group to indicate credentials other than certification without allowing any and all other groups with various credentials to be identified in the Directory.]

Please address letters to *Jane I. Johnson*, Editor, TEXAS STATE BOARD REPORT, Texas State Board of Public Accountancy, 3301 Northland Drive, Suite 500, Austin, Texas 78731.

RODDY, LOCKE, AND CLARK APPOINTED TO COMMITTEES



Tommie E. Roddy, Jr.
Continuing Education
Committee



Sheila W. Clark
Technical Standards
Review Committee



Tom R. Locke
Continuing Education
Committee

Board Chairman Reeder has appointed **Tommie E. Roddy, Jr.** of Fort Worth and **Tom R. Locke** of Austin to serve as non-Board members on the newly formed Continuing Education (CE) Committee, chaired by **James D. Ingram**.

Mr. Roddy has served in the Texas Society of CPAs as Secretary, Vice-president, and Chairman of the CPE Council. He has also served in various capacities on the Society's Educational Foundation and is currently a member of AICPA's Long-Range Planning Committee. He is a graduate of The University of Texas at Austin and is with the firm of Weaver & Tidwell.

Mr. Locke is a partner with Lanier, Locke & Ritter. He is a former Vice-president and board member of the Texas Society and has served that organization as Chairman of the CPE Council, CAP Courses, and Governmental Relations Committees. He is Past President of the Austin Chapter of the National Association of Accountants.

Also serving on the CE Committee are Board members **Frank T. Rea** of Houston and **William H. Quimby** of Dallas.

Another recent appointee is **Sheila Wheatley Clark** as a member of the Technical Standards Review Committee, chaired by **Brooks Wilson**. Ms. Clark holds a B.B.A. and

M.B.A. from North Texas State University, where she was a teaching fellow. She has also held the position of Accounting Instructor at both the undergraduate and graduate levels at Texas Southern University.

She has participated as an instructor in numerous seminars and programs, including Peat, Marwick, Mitchell's core professional development program, the Miller CPA Review Course, TSCPA's CE seminars, and the AICPA's Summer Seminar in 1978. She is employed by Peat, Marwick, Mitchell & Co. as an audit partner specializing in government services, educational and institutional auditing.

Other members of the Technical Standards Review Committee are Board member **Stanley J. Scott** and non-Board members **Jim A. Smith** and **Herschel Mann**.

BOARD TO HOST NASBA CONFERENCE

The Board will host Executive Directors and key staff from state boards across the nation at the first National Association of State Boards of Accountancy (NASBA) Administrators' Conference scheduled for February 14-15, 1982, in Austin.

The conference will feature panel discussions and workshops relating to mutual problems and solutions of the licensing, examination, enforcement, and accounting systems within state boards of accountancy. Expertise shared is expected to greatly increase effectiveness and efficiency of participating boards.

It is anticipated that the conference will be continued on an annual basis, with meeting sites rotating among states.

EDITOR'S NOTE. . .Reports of the Executive, Entry and Reentry, and Continuing Education Committees will appear in the next issue of the BOARD REPORT.

ENFORCEMENT COMMITTEE

The Enforcement Committee has been active in fulfilling its statutory mandate to the citizens of Texas. Through its enforcement program the Board receives and reviews complaints filed with the Board relating to alleged violations of the 1979 Public Accountancy Act and the Rules of Professional Conduct. Based on reviews and hearings by the Enforcement Committee, recommendations are made to the Board with the objective of preventing or taking action against substandard professional practice of accounting while recognizing the First Amendment rights of the general public as well as licensees. The Enforcement Division staff is available to answer questions of licensees regarding the Act and the Rules. During the ten-month period from September 1, 1981, through October 31, 1982, the Enforcement Division processed 1004 telephone calls involving all aspects of public accountancy regulation.

Complaints received by the Enforcement Division are categorized as either technical or ethical, according to subject matter. The Enforcement Committee has authority over ethical matters involving the Rules of Professional Conduct. (Where a case involves a mixture of ethical and technical complaints, both the Enforcement and the Committee on Technical Standards Review may make separate determinations.)

Once an ethical complaint is categorized and prepared by the staff, it is presented to the Enforcement Committee for review. The Committee determines whether further Board action is warranted and may conclude the review with any of the following recommendations to the Board:

- Further investigation directed to Complainant or Respondent regarding specific matters
- Informal committee conference
- Defer action to next meeting
- Refer action to Attorney General's office
- Refer action to District Attorney's office
- Set action for panel hearing
- Set action for full Board hearing
- Dismiss the case

Since September 1, 1981, the Enforcement Committee has processed 92 complaints against licensees and 168 complaints against non-licensees. Enforcement Committee recommendations regarding hearings have resulted in three full Board hearings, three panel hearings, and three informal conferences. The Board has revoked one certificate, suspended one certificate, and reprimanded six licensees. □

Earl C. Lairson, Chairman

EXAMINATIONS COMMITTEE

The Examinations Committee consists of three members of the twelve-member Board and has responsibility for the examination process in Texas, including applications to sit for the CPA examination, examination site procedures, and security of the CPA examination questions.

The State Board staff routinely approves those applications to sit for the CPA examination which meet policy guidelines previously established by the Board. Any deviations of a serious nature are submitted to the Examinations Committee prior to completing the processing of the application. Adverse decisions by the staff may be appealed to the Examinations Committee by the candidates and this usually results in a hearing before the committee acting as a panel.

Approximately 13,000 applications were processed by the Board for the November, 1982, examination, and 11,334 were approved. CPA examinations are presently held in Austin, San Antonio, Galveston, Fort Worth, Lubbock, El Paso, and Wichita Falls. Additional sites at Temple and Waco will be added in the near future.

The October Examinations Committee agenda included:

- Review of non-routine applications which involved rejection of two applications for lack of character references, rejection of nine applications because the school or university was not accredited, rejection of 24 applications in that minimum education requirements were not met, and 44 applications were rejected due to incomplete college and university transcript information. Other applications were rejected for lack of transfer credit confirmation, the candidate was under investigation by the Enforcement Committee, or the candidate had not submitted all information pertaining to a felony or misdemeanor conviction.
- Other items considered by the committee were:
 - Review of the orientation and critique program sponsored in October by the Board in cooperation with NASBA
 - Proctor availability for the November 3-5 examination
 - Recommendations regarding disciplinary action to be taken in instances where candidates ignore Board instructions pertaining to sitting at the same table with friends, associates, or relatives during the CPA examination
 - Review of AICPA's exposure draft of instructions to CPA candidates

The major problem confronting the Examinations Committee at this time is the locating of the necessary space to conduct the CPA examination in the future if the number of candidates continues to increase at the present rate. □

Miller Montag, Chairman

TECHNICAL STANDARDS REVIEW COMMITTEE

As previously reported, the committee is responsible for reviewing cases involving alleged violations of technical standards generally recognized by the profession as appropriate for the particular service involved under the prevailing circumstances.

The services involved range from audits in accordance with generally accepted auditing standards to compilation and review of financial statements and, in some instances, questions relating to tax practice.

As an advisory committee appointed pursuant to Section 24 of the Public Accountancy Act of 1979, as amended, the committee is composed of two board members, and three persons who are not members of the Board. The committee members representing the Board presently include **Stanley J. Scott**, CPA, Dallas, and **Brooks Wilson**, CPA, Amarillo. The current advisory members of the committee include **Herschell Mann**, Ph.D., CPA, Professor of Accounting, Texas Tech University, Lubbock (representing education); **Jim A. Smith**, CPA, Vice President and Treasurer, Tracor, Inc., Austin (representing industry); and **Sheila W. Clark**, CPA, Houston (representing governmental accounting).

In its investigations, the committee has observed a disturbing incidence of lack of knowledge of the professional standards appropriate for compilation and review of unaudited financial statements. The technical standards which are generally recognized by the profession, and the Board, as appropriate for compilation and review of unaudited financial statements of non-public entities are found in the *Statements on Standards for Accounting and Review Services (SSARS)* issued by the AICPA Accounting and Review Services Committee. SSARS I provides guidance to the professional accountant as to the standards and reporting requirements deemed appropriate in the context of a compilation engagement or a review engagement. It should be noted that paragraph .07 of SSARS I provides that an accountant should not submit unaudited financial statements of a non-public entity to his client or others unless, as a minimum, he complies with the provisions of SSARS I applicable to a compilation engagement. This precludes the accountant from merely typing or reproducing financial statements as an accommodation to his client.

Additionally, in the area of audits of governmental entities, the committee has observed a lack of adherence to the professional and technical standards generally recognized by the profession as appropriate for governmental accounting. In March, 1979, the NCGA (now known as the National Council on Governmental Accounting) published a document entitled *Governmental Accounting and Financial Reporting Principles* (Statement I). NCGA Statement I is a restatement of the principles of *Governmental Accounting, Auditing, and Financial Reporting* (GAAFR or the "blue book"). That 1968 pronouncement, published by the Municipal Finance Officers Association (MFOA) for the predecessor National Committee on Governmental Accounting was acknowledged as an authoritative source in the area of accounting for state and local govern-

ment units. AICPA Statement of Position 80-2 acknowledges that NCGA Statement I updates, clarifies, amplifies, and reorders portions of GAAFR, and recognizes Statement I as an authoritative modification of GAAFR. Accordingly, financial statements of governmental units presented in accordance with Statement I are in conformity with generally accepted accounting principles.

The Committee on Technical Standards Review, after investigating many deficient reports and financial statements and recommending disciplinary action against many licensees, is convinced that a great proportion of the certified public accountants and licensed public accountants are woefully deficient in maintaining professional competence to serve their clients and the public. The Committee recommends that all persons in public practice begin anew their self-study and their attendance at continuing professional education sessions, and to improve their internal review procedures relating to standards of work, adherence to technical standards of the profession, and proper presentation of financial statements and reports, including adequate disclosures, in accordance with generally accepted accounting principles. □

Brooks Wilson, Chairman

ENFORCEMENT

Reinstatements

James L. Donawho (Certificate No. 6660) — effective October 22, 1982.

Disciplinary Actions

At its October meeting, the Board approved a Consent Order providing for a private reprimand in a case involving violations of Section 501.22 (Rule 202) and Section 501.23 (Rule 203) of the Rules of Professional Conduct.

In addition, three panel hearings were conducted and two panel hearings were continued to the Board's next regularly scheduled meeting.

ENFORCEMENT ACTIVITY

July 1, 1982 – October 31, 1982

	Rules	Act	Total
Active files June 30, 1982	80	164	244
Files opened during period	27	50	77
	107	214	321
Files closed during period	27	21	*48
Active files Oct. 31, 1982	80	193	273

* 15 via voluntary compliance, 31 via Board Orders, and 2 otherwise (unlicensed individuals who have ceased doing business, cannot be located, or died).

QUESTIONS AND ANSWERS

- Q. May a firm of licensees, or its partners or employees, be listed in the telephone yellow pages under the heading "Management Consultants"?
- A. The Board has not formally recognized areas of specialization in the field of accountancy as authorized by the Public Accountancy Act of 1979. Therefore, an advertisement that states or implies formal recognition as a specialist would be misleading and prohibited by Section 501.43(a)(6) [Rule 403(A)(6)]. However, simply listing a licensee's name under the heading "Management Consultants" in the yellow pages does not state or imply formal recognition as a specialist. Rather, it appears to be a description of services offered, a permissible form of advertising under Section 501.43(b)(4) [Rule 403(B)(4)]. Source: Section 501.43 (Rule 403).
- Q. May a firm of licensees, its partners, or employees use business cards which contain the term "Management Advisory Services" or "Management Information Consulting" or similar term?
- A. The same comments concerning yellow page advertisements apply to business cards as well. Accordingly, business cards which contain references to these services would be permissible so long as they were disseminated in a manner consistent with Section 501.43 (Rule 403) concerning advertising and Section 501.44 (Rule 404) concerning solicitation. Source: Sections 501.43 (Rule 403) and 501.44 (Rule 404).

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