

TEXAS STATE BOARD REPORT



AUGUST, 1984

AUSTIN, TEXAS

VOL. 17

CE REPORTING PERIOD FOR 1985 LICENSE ENDS AUG. 31, 1984

In early November, license renewal notices will be mailed by the Board to current licensees. When returning the forms, *all* licensees are required to *report* the number of CE hours accrued and to include descriptive information regarding courses taken. *Licensees in public practice* must have accrued at least 20 hours of CE during the reporting period of September 1, 1983, through August 31, 1984, or 40 hours during the two reporting periods of September 1, 1982, through August 31, 1984. (**Exception:** Individuals in public practice who received an *initial* license during the reporting period are required to have accrued 1.66 CE credit hours per month for the number of months licensed.)

The decision as to whether or not a licensee is in "public practice" is a personal one and is to be indicated by checking the appropriate block on the renewal form. The practice of public accountancy is defined in the Rules of Professional Conduct as:

Performing or offering to perform for a client, one or more types of services requiring accounting or auditing skills, including the use of such skills in preparing tax returns or providing advice on federal, state, and other tax matters, or performing or offering to perform management advisory or consulting services, or any other service performed by professional accountants for the public.

A "client" as referred to above is defined in the Rules of Professional Conduct as:

A person or entity which retains a licensee for the performance of professional services for a fee.

Exemptions from Mandatory Attendance

Substantive Rule 523.63, Mandatory CE Attendance, provides for exemptions as follows:

- (f) The Board may grant exemptions from the mandatory CE attendance requirements as follows:
- (1) If a licensee elects to pay the license fee for "retired status" and signs a certificate on the annual renewal notice indicating an age of 65 years or

older on January 1 and an intent not to practice public accountancy during the following calendar year;

- (2) If a licensee is retired, regardless of age, and completes and forwards to the Board an affidavit indicating retirement status and an intent not to practice public accountancy during the following calendar year;
- (3) If a licensee shows reasons of health, certified to by a medical doctor, that prevent compliance with the CE requirement. Licensee must petition the Board for the exemption and provide documentation that clearly establishes the period of disability;
- (4) If a licensee is on extended active military duty, does not practice public accountancy during the reporting period, and files a copy of orders to active military duty with the Board; or
- (5) If, upon petition to the Board, a licensee is granted on an individual case-by-case basis, an exemption from CE attendance for reasons considered by the Board to warrant an exemption, for example, preparation and signing of routine income tax returns or the performance or routine services for clients requiring less than a total of 40 hours a year will be considered the basis for an exemption; preparation of a financial statement for a client is specifically excluded from this exemption.

The Board may *not* grant exemptions from the requirement to *report* CE credit hours accrued. A licensee must *report* CE credit hours accrued on the annual license renewal form, even if the number reported is zero.

Reporting CE Hours Accrued

On the renewal form, licensees must indicate the total number of hours of CE accrued on the first page of the form in a block in the lower right-hand portion of the page. If no hours were accrued, the figure "0" must be written

CE (continued from page 1)

in the space. A blank does not indicate zero hours.

When the number entered in page one is greater than zero, licensees must complete the page asking for descriptive information re courses attended. Information required will include total hours attended as

- participant
- instructor, discussion leader, lecturer
- author of published articles or books
- participant in correspondence or individual study program.

Additionally, courses attended must be described, to include date(s) attended, sponsor ID number, name of sponsoring organization, type program, course number, and title or program or description of contents of program. The "type program" will be described as:

- 00—Accounting
- 01—Auditing
- 02—Area of Communication
- 03—Behavioral Sciences
- 04—Ethics
- 05—Quantitative Methods
- 06—Management Advisory Services
- 07—Practice Management
- 08—Statistics
- 09—Taxation
- 10—Other

Licensees are also asked to prorate CE hours claimed as to area of practice: auditing, general accounting, MAS, tax, or other area.

Supporting Documents

Certificates of completion or other evidence supporting CE credit hours claimed should be retained by the licensee for at least five years subsequent to the date the credit hours are reported to the Board. Such documentation should *not* be sent to the Board unless specifically requested by the Board for auditing purposes. *In no instance should evidence of completion be sent with license renewal forms.*

Grace Period

According to Rule 523.63(d), "individuals who do not accrue and report the required minimum CE credit hours may file an affidavit for a 90-day grace period."

"Affidavit for Continuing Education Grace Period" forms are available upon request from the Board office. It is Board policy to forward a notification of non-compliance with CE credit hour requirements to licensees who either fail to report hours accrued or who, if in public practice, do not accrue the required number of hours. In order to preclude a non-compliance notice, licensees should mail the affidavit for CE grace period as soon as possible, or, at the latest, with the license renewal forms.

Upon receipt of the affidavit for CE grace period, the Board will review same to determine if there is good cause for the deficiency. If the Board finds good cause, a licensee will be allowed to make up the deficiency during the grace period. Hours accrued for the purpose of making up a deficiency, however, may not be counted toward the next period's CE requirement.

If the Board determines there is not good cause for the deficiency, the licensee will be so advised and that individual's license will be subject to cancellation (after notice and hearing).

Excess Hours

Hours accrued during the 1985 reporting period in excess of the 20 hours required will be credited to the licensee's CE record and may be counted toward the 1986 CE requirement.

1986 License

The reporting period for the 1986 license will begin September 1, 1984, and will extend through August 31, 1985. For license year 1986, individuals in public practice will be expected to accrue a minimum of 40 CE credit hours during the reporting period, or a minimum of 80 CE credit hours during the three-year period of September 1, 1982, through August 31, 1985. Initial licensees during the reporting period who are in public practice are required to accrue 3.33 CE credit hours per month for the months licensed.

Disciplinary Actions

Section 523.64, Disciplinary Actions Relating to CE, stipulates that licensees who fail to report CE hours accrued, even if the number is zero, and licensees in public practice who fail to accrue and report the required number of CE credit hours will be subject to disciplinary action under Section 21 of the Public Accountancy Act of 1979, as amended, which requires compliance by all licensees with Sections 523.62 (relating to mandatory CE reporting) and compliance by licensees in public practice with 523.63 (relating to mandatory CE attendance).

Miscellaneous Information

- Credit hours reported must have been accrued in courses sponsored by institutions, firms, or organizations registered with the Board. It is the responsibility of individual licensees to insure that sponsoring organizations are registered. Lists of registered sponsors are available from the Board office and have been published and updated in the TEXAS STATE BOARD REPORT. Licensees are asked to retain updated sponsor lists for reference. The Board issues each sponsor an ID number, which the sponsor should furnish to individuals enrolled in CE courses. Sponsors are required to retain records of CE courses presented, to include attendees, but individual licensees should also retain documentation of course attendance.
- Sponsors are not responsible for reporting licensees' CE hours to the Board. Individuals must report hours accrued on license renewal forms.
- The Board does not offer or recommend CE courses.
- One CE credit hour is equal to 50 continuous minutes of CE course presentation.
- Instructions for completion of the CE portion of the license renewal form will be included as part of the form.
- Total numbers of hours accrued, even if zero, must be shown on the first page of the renewal form; descriptive information, to include credit hours per course, must also be provided.

From the Chairman . . .

For a number of months, the Board has directed its planning efforts for future CPA examinations using statistically-prepared projections which indicated that by 1990, close to 19,000 candidates would be sitting for each examination in Texas. More recently (i.e., the November, 1983, examination), reports indicate that nationwide there was an approximate five per cent decrease in the number of candidates and a four per cent decrease in the number of papers written. Texas experienced a similar downturn in numbers at the May, 1984, examination, giving cause for questioning the validity of the projections.

Other recent studies, however, and specifically a report prepared for the American Institute of CPAs (AICPA) by Mary McInnes and James H. MacNeill, do not indicate a current downward trend either in accounting graduates or in the demand for accountants. The researchers surveyed a stratified sample of 273 public accounting firms as to their professional employment needs for 1982-83 and 1983-84, plus 693 colleges and universities as to the anticipated number of accounting graduates for the same time periods.

The survey summary for 1984 indicated that the total supply of accounting graduates is expected to increase, with a higher growth rate of graduates with master's degrees in accounting than bachelor's degrees. Accounting/taxation master's degree graduates are expected to increase at a higher rate than MBA graduates with an accounting concentration.

Regarding graduates with bachelor's degrees, the numbers with accounting majors were expected to decline in 1983-84, while the numbers with MBAs were expected to increase.

From 1982-83 to 1983-84, the demand for accounting graduates was expected to increase by 13 per cent (to include demands in public accountancy, industry, government, and education). Public accounting firms were expected to recruit approximately two per cent more accounting graduates in 1983-84 than in 1982-83. Master's degree graduates were expected to comprise approximately 16 per cent of the total hires in 1983-84.

During 1983-84, public accounting firms were expected to recruit an increased percentage of masters in accounting graduates and a decreased percentage of MBA with accounting concentration graduates. Master's in taxation graduates were expected to represent the greatest percentage of recruits.

The study also showed that the percentage of female graduates rose from 28 per cent in 1976-77 to 45 per cent in 1982-83; females recruited by public accounting firms increased from 24 per cent in 1976-77 to 38 per cent in 1982-83.

Other studies indicate a growing shortage of accounting professors at the college/university level, giving some credence to candidate growth projections.

I mention these studies as an example of some of the uncertainties the Board must deal with in its planning for ongoing activities and services.

FRANK T. REA, CPA
Chairman

COMMITTEE APPOINTMENTS

Chairman Rea has announced the following appointments to Board committees:

Executive

Frank T. Rea, CPA, Chairman
Stanley J. Scott, CPA
William H. Quimby
Robert S. Driegert, CPA

Continuing Education

William H. Quimby, Chairman
James D. Ingram, CPA
Sue W. Briscoe, CPA
*Tommie E. Roddy, Jr., CPA
*Tom R. Locke, CPA

Enforcement

Earl C. Lairson, CPA, Chairman
Walter D. Davis III, CPA
Sue W. Briscoe, CPA
Joel P. Kay, Attorney

Entry and Reentry

Robert S. Driegert, CPA, Chairman
William H. Quimby
Miller Montag, CPA

Examination

James F. Dunn, Jr., CPA, Chairman
Barbara Shimaitis
Miller Montag, CPA

Long-range Planning

James D. Ingram, CPA, Chairman
Stanley J. Scott, CPA
Robert S. Driegert, CPA
*Paul W. Hillier, Jr., CPA
*Robert E. Knox, Jr., CPA
*Lloyd J. Weaver, CPA

Technical Standards

Stanley J. Scott, CPA, Chairman
*Sheila W. Clark, CPA
*Jim A. Smith, CPA
*Herschel Mann, Ph.D., CPA

Board History

Miller Montag, CPA, Chairman
*Hatcher A. Pickens, CPA
*L. Ludwell Jones, CPA
*Lloyd J. Weaver, CPA
*Don M. Lyda, CPA
*Edwin E. Merriman, CPA

Examination Advisory

James F. Dunn, Jr., CPA, Chairman
Barbara Shimaitis
Miller Montag, CPA
*Examination Coordinator, Staff
*Representatives from TSCPA
Chapters furnishing proctors for the examination

*Non-Board committee members

SUBSTANTIVE RULES

Final Adoption of Rule Changes

The following changes to substantive rules were finally adopted at the July meeting (the proposal will be published in the TEXAS REGISTER as required prior to final adoption):

- **521.2, Examination Fees** – The proposed amendments would raise the initial examination fee from \$75 to \$100 and the fee for each part eligible from \$15 per part to \$20 per part. The change would be effective for the May, 1985, examination. The section, as amended, would read: "The fee for the initial examination conducted pursuant to the Act shall be \$100. The fee for any subsequent examination shall be \$20 per subject. For the purposes of this section, accounting practice shall be deemed as two subjects."
- **511.83, Certification as a CPA** – The amended portion reads: "In order for the Board to grant credit to a candidate for satisfactory completion of a written examination given by the licensing authority of another state, THE CANDIDATE MUST HAVE RECEIVED A PASSING

GRADE OF AT LEAST 75% ON THE SUBJECT(S) TRANSFERRED, AND the candidate must have received credit for two or more subjects of the Uniform CPA Examination at a single sitting . . ."

- **511.165, Reinstatement of Certificate** – This change to the rule was further amended from the version published in the May BOARD REPORT to include an exclusion from the 120-hour CE requirement for those individuals who are not practicing public accounting. The amended portion reads: "INDIVIDUALS WHO ARE OVER 65 YEARS OLD WHO MEET THE QUALIFICATIONS TO SEEK REINSTATEMENT UNDER 'RETIRED STATUS' AND INDIVIDUALS WHO DO NOT INTEND TO PRACTICE PUBLIC ACCOUNTANCY AS DEFINED IN THE ACT AND THE RULES ARE EXEMPT FROM THE 120-HOUR REQUIREMENT FOR CONTINUING PROFESSIONAL EDUCATION."

The rule amendments will be effective August 20, 1984.

[IMPORTANT NOTE: Amendment to Rule 511.165 HAS NO EFFECT on the Board's rules relating to continuing education reporting by all licensees and continuing education accrual by licensees in public practice. THE RULE AFFECTS ONLY THOSE INDIVIDUALS WHOSE CERTIFICATES HAVE BEEN REVOKED BY BOARD ACTION.]

VIOLATIONS: PARTNERSHIPS, CORPORATIONS, AND SOLE PROPRIETORS

The Board continues to receive information indicating that firms (partnerships and professional corporations) are not registered/licensed with the Board. Section 8 of

the Public Accountancy Act of 1979, as amended, requires that partnerships or corporations shall not assume or use the title or designation of "Certified Public Accountant," "CPA," "Public Accountant" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that such partnership or corporation is composed of certified public accountants or public accountants unless such partnership or corporation is registered as a partnership or corporation under this or prior Acts, holds a license issued under Section 9 of this Act, and all of such partnership's or corporation's offices in this state for the practice of public accountancy are maintained and registered as required under Section 10 of this Act.

When Articles of Incorporation are changed, when sole proprietorships incorporate, when names of firms change—the Board must be notified immediately and the new firm must be registered and licensed. Failure to do so results in violation of Section 8 (and other referenced sections) of the Act.

For many months the BOARD REPORT has published a notice indicating the requirement for registration and licensing by firms. In the future, when firms are found to be in violation of the Act for failure to be properly registered and licensed, the Board *will initiate a complaint against such firms.*

Licensees are reminded that when names of firms change, only the newest, registered, licensed firm name may be used for advertising purposes (e.g., in the yellow pages of the telephone directory).

DIRECTORY OF LICENSEES AND BOARD HISTORY

Directory of Licensees

Because of printing and mailing costs involved in distributing the Directory of Licensees (to be published in 1985), licensees will be asked to notify the Board if they wish to receive a 1985 Directory. A return postcard will be included with license renewal forms for use in advising the Board regarding Directories. The Directories will be mailed at no charge, but will be mailed only to those who request a copy.

Board History

Copies of the Board History, written by Doctor James A. Tinsley (Texas Gulf Coast Historical Association and University of Houston), will also be available for distribution in late 1985. Each copy is expected to cost from \$10 to \$20, the cost depending on the number of licensees indicating a desire to purchase same and, in turn, the number printed. The return postcard included with the license renewal form will also provide a space for licensees to indicate a desire to purchase a Board history.

The history, to cover the period 1915-1981 + , will include factual narrative regarding Board appointments, statistics, and Board actions; interesting anecdotes; dates and descriptions of important legislative and judicial actions; and photographs of Boards and individuals mentioned in the narrative (e.g., the 1000th licensee, the first woman appointed to the Board, Executive Directors, etc.). The volume will be printed and bound in a manner suitable for reference and retention.

LICENSE RENEWAL REMINDERS

License renewal forms will be mailed in early November. The license fee for 1985 will be \$20.00 (no change from 1984 fee), with prorated fees for new licenses and registrations during the year.

The following problems usually occur and result in delay in licensing/registration:

- Failure by individuals to complete all portions of the renewal form.
- Failure to check the appropriate block and sign the affidavit in the lower right-hand corner of page 1 regarding convictions.
- Failure to sign the check for the license fee.
- Failure to send a check in the correct amount of the fee.
- Failure, re firms, to include all licensees in the firm when paying "for the firm's licensees" with one check.
- Failure to include the number of CE hours accrued on page one, even if 0.
- Failure to provide additional CE information regarding hours claimed.
- Failure to insure that the Board has received the most current address of licensee or firm.
- Failure to send correct amount of fee, with completed renewal form, on or before December 31.

Section 9, Annual Licenses to Practice, of the Act reads, in part:

Failure of any licensee to pay the annual license renewal fee on or before the date it is due shall automatically cancel his license. Any licensee whose license shall have been cancelled because of failure to pay the annual license renewal fee may secure reinstatement of his license at any time within that license year upon payment of the delinquent fee together with a penalty of \$20. After expiration of the license year for which the license fee was not paid, no license shall be reinstated except upon application and examination satisfactory to the Board and payment of delinquent fees and a penalty to be assessed by the Board. The Board shall have no authority to waive the collection of any fee or penalty.

[NOTE: Certified letters have been mailed to those Texas licensees who are three-years delinquent in paying their license fees. The letters indicate that if licenses are not reinstated by the end of the 1984 calendar year, the individuals' certificates will be revoked by Board action. Licensees who are in this situation should contact the Board office for additional information.]

ADDRESS CHANGE

License renewal notices will be mailed in early November. To insure prompt delivery, licensees must notify the Board of address changes as soon as possible.

NOVEMBER, 1984 EXAM SCHEDULE

The November, 1984, Uniform CPA Examination will be conducted as follows:

Examination Sites

Austin	Lester E. Palmer Auditorium
Corpus Christi	Bayfront Plaza Convention Center
El Paso	University of Texas at El Paso Special Events Center
Fort Worth	Tarrant County Convention Center
Galveston	Moody Convention Center
Houston	Albert Thomas Convention Center East and West Halls
Lubbock	Lubbock Civic Center
San Antonio	San Antonio Convention Center

Examination Times

November 7	1:30 p.m.-6:00 p.m. Accounting Practice, Part I
November 8	8:30 a.m.-12:00 Noon Auditing 1:30 p.m.-6:00 p.m. Accounting Practice, Part II
November 9	8:30 a.m.-12:00 Noon Business Law 1:30 p.m.-5:00 p.m. Accounting Theory

The deadline for submission of applications to sit for the November, 1984, examination is August 31, 1984. Grades from the May, 1984, examination were released July 30, 1984.

MEETINGS

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

September 27-29, 1984
October 25-27, 1984
November 16-17, 1984
January 24-26, 1985

CPA SWEARING-IN CEREMONY

November 17, 1984
May 25, 1985

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY (NASBA)

September 16-19 Annual Meeting
New Orleans, Louisiana
November 29- December 1 Administrators' Conference
New York City, New York

UPDATE TO CE SPONSOR LIST . . .

The following sponsors of CE courses have been registered with the Board since publication of the last updated list in the May, 1984, BOARD REPORT: (**NOTE:** Due to space limitation,

prior listings will not be reprinted; updates will be printed in future issues of the BOARD REPORT.)

A. G. Edwards & Sons, Inc.	Lubbock, TX	Hughes & Company, CPAs	Dallas, TX	Sam Houston State Univ-Tasscubo	Huntsville, TX
Accounting Educators of Texas	Duncanville, TX	Human Fulfillment, Inc.	Houston, TX	San Antonio Board of Realtors, Inc.	San Antonio, TX
Administrators Plan Services, Inc.	Dallas, TX	**IBM Corp.-Technical Education	Atlanta, GA	Santa Fe Industries, Inc.	Chicago, IL
Adobe Oil & Gas Corporation	Dallas, TX	IBM Corp.-Technical Education	Dallas, TX	**Santa Fe Minerals, Inc.	Dallas, TX
AHL Assn.-Texas Gulf Coast Acct. Firms	Oxford, OH	IGM Corp.-Industry Marketing	Atlanta, GA	Schulze, Hartwig & Co.	Houston, TX
Air Force Audit Agency	San Bernardino, CA	Illinois CPA Foundation	Chicago, IL	SEC Institute, Inc.	New York, NY
Allied Corporation	Houston, TX	Informatics General Corp.	Dallas, TX	Security Mutual Life of Nebraska	Lincoln, NE
Amer. Assoc. of Equipment Lessors	Arlington, VA	Institute Internal Auditors	Albuquerque, NM	Singer & Richardson	Longview, TX
Amer. College of Hospital Admin.	Chicago, IL	Institute Internal Auditors	San Antonio, TX	Smith Fankhauser Voigt & Watson	McAllen, TX
Amer. Financial Services Assn.	Washington, DC	Inter Financial Association	San Ratael, CA	Sonat Exploration Company	Houston, TX
Amer. Productivity Institute	Houston, TX	Interfirst Bank Dallas N.A.	Dallas, TX	Sonat Offshore Drilling Inc.	Houston, TX
APICS	Falls Church, VA	International Assn. Financial Planning	Coral Springs, FL	South Texas Health Care Financial Assn.	Corpus Christi, TX
ARK-LA-TEX Chapter of the Institute of Internal Auditors	Shreveport, LA	International Assn. Financial Planning	Atlanta, GA	Southern Methodist Univ-Institute for Southern Methodist Univ-Sch. of the Arts	Dallas, TX Dallas, TX
Army & Air Force Exchange Service	Dallas, TX	International Assn. Financial Planning	Houston, TX	Southwest Business Systems	Lubbock, TX
Arthur Andersen & Co.	Oklahoma City, OK	International Assn. Financial Planning	Dallas, TX	Southwest Texas State Univ-Sch. of Bus.	San Marcos, TX
Arthur Young	San Antonio, TX	International Assn. Financial Planning	New York, NY	St. Edwards University	Austin, TX
Assn. for Systems Management	Houston, TX	Interstate Tax Press, Inc.	Seattle, WA	Standard Federal Savings & Loan	Columbia, SC
Automatic Data Processing	Dallas, TX	IRS-District Training	Houston, TX	Sunrise Investments, Inc.	Encino, CA
Bell Communications Research	Lakewood, CO	John M. Null & Company, Inc.	McAllen, TX	Syracuse Univ/College-Continuing Educ.	Syracuse, NY
Bickford & Swanson	Oklahoma City, OK	Johnson, Smith, Hinojosa, Cron & Co., PC	Santa Monica, CA	Tax Seminars, Inc.	Ratliff City, OK
Blackman, Kallick & Company, Ltd.	Chicago, IL	Karrass Seminars, Inc.	Dumas, TX	Texas A&M Univ-Management Training Div.	College Station, TX
Booker & Associates CPAs	Houston, TX	Keeney, Hembree & Company	Brownwood, TX	Texas American Bankshares, Inc.	Fort Worth, TX
**Brantly, Frazier, Sipes & Company	Fort Worth, TX	Kenneth D. Eichner, CPA	Houston, TX	Texas Commerce Bank-McAllen, N.A.	McAllen, TX
Briggs & Veselka Co.	Bellaire, TX	Krischke and Company, PC	Houston, TX	Transco Energy Company	Houston, TX
Brown, Graham & Co., PC.	Amarillo, TX	Liu & Liu, CPAs	Dallas, TX	Tydlaska and Woodward	Dallas, TX
Cameron Univ-Educ. Outreach Dept.	Lawton, OK	Lone Star Management Group	Houston, TX	United Way of America	Alexandria, VA
Capital Benefit Services, Inc.	Austin, TX	Lumbert-Swartz Financial, Inc.	Waco, TX	Univ. Colorado-Tax Institute-Dept. of CE	Colorado Springs, CO
Centex Corporate Audit	Dallas, TX	Management Development Systems	Atlanta, GA	Univ. Florida-Continuing Education Div.	Gainesville, FL
Chaminade Univ. of Honolulu	Honolulu, HI	Management Science America	Houston, TX	Univ. Houston-System	Houston, TX
City Public Service	San Antonio, TX	**Mann Frankfort Stein & Lipp	Houston, TX	Univ. Houston-Downtown	Houston, TX
Columbia Gas System	Columbus, OH	Martin Stoger & Assn.	Princeton, NJ	Univ. Houston-Sundry School	Houston, TX
Compu-Share, Inc.	Lubbock, TX	Mason Nikels & Warner, CPAs	Houston, TX	Univ. Louisville-School of Business	Louisville, KY
Cooper City Community School	Cooper City, FL	Mathematica Products Group	Rock Island, IL	Univ. North Carolina-Sch. of Law	Chapel Hill, NC
**Coopers & Lybrand	Newark, NJ	McEvoy Cooper & Co.	Des Moines, IA	Univ. San Diego	San Diego, CA
Cornell & Company	Amarillo, TX	McGladrey Hendrickson & Pullen	Nashville, TN	Univ. Texas-Center for Continuing Educ.	Richardson, TX
Corporate Tax Press	Key Biscayne, FL	Meredith Corporation	Houston, TX	**Univ. Texas-Grad Sch. of Business	Austin, TX
Council for Educ. Res. & Develop.	Washington, DC	Metropolitan Federal Savings	Houston, TX	Univ. Tulsa-College of Law	Tulsa, OK
Cox, Colton, Stoner, Starr & Co.	El Paso, TX	Michael B. Bell & Co.	Minneapolis, MN	Univ. Houston-Grad Sch. Communication	Houston, TX
Dallas Bar Association	Dallas, TX	Microline Systems, Inc.	St. Louis, MO	U.S. Army Audit Agency	Alexandria, VA
Daniel Industries, Inc.	Houston, TX	Minnesota Society of CPAs	Kaukauna, WI	Vroom, Inc.	Dallas, TX
David N. Miller & Company, Inc.	Houston, TX	Monsanto Company	Dallas, TX	West Houston Chamber of Commerce	Houston, TX
Delta State Univ-Accounting Dept.	Cleveland, MS	National Assn. of Tax Practitioners	Springfield, VA	Weyerhaeuser Company	Tacoma, WA
Dippel and Company	Temple, TX	National Association of Accountants	Lincoln, NE	Wif, Keasler & Henderson, PC.	Texarkana, TX
E. F. Hutton & Co., Inc.	San Antonio, TX	National Society of Accts. for Coops	Dallas, TX	Willard J. DeFilippis CPA, PC.	Mt. Prospect, IL
Elwab Ohlenbusch Webb & Westendarp	Houston, TX	Nebraska Society of CPAs	Dallas, TX	William E. Crouch, Inc. APC	Houston, TX
Elaire Lyons & Associates	Dallas, TX	Network Computer Services Corp.	El Paso, TX	William R. Burke, CPA	Donalsonville, GA
Elbert E. Hall CLU CHFC	Abilene, TX	Nuts & Bolts Tax Seminar	Dallas, TX	World Trade Institute	New York, NY
Employers Ins. of TX-Southwest Chap.	Dallas, TX	O. Henry Montoya, CPA, PC.	Houston, TX	Yourdon, Inc.	New York, NY
Everitt Lumber Company	Fort Collins, CO	Office of Personnel Management	Houston, TX		
FBI Academy	Quantico, VA	Oppenheimer & Co., Inc.	Houston, TX		
Financial Managers Society, Inc.	Chicago, IL	Paine Bookkeeping Seminars	Houston, TX		
Frito-Lay, Inc.	Dallas, TX	Panhandle Eastern Corporation	Kansas City, MO		
Frost Bros., Inc.	San Antonio, TX	Panhandle Eastern Pipe Line Company	Dallas, TX		
Frost Natl. Bank-Staff Development	San Antonio, TX	Pearle Health Services, Inc.	San Jose, CA		
Gardner-Webb College	Boiling Springs, NC	Peat Marwick Mitchell & Co.	San Antonio, TX		
Ginie Polo	Dallas, TX	Peat Marwick Mitchell & Co.	Amarillo, TX		
Government Finance Officers Assn.	Chicago, IL	Peat Marwick Mitchell & Co.	Dallas, TX		
Grier, Reeves and Lawley	Texarkana, TX	Peat Marwick Mitchell & Co.	Lubbock, TX		
GTE Service Corporation	Norwalk, CT	Peat Marwick Mitchell & Co.	Midland, TX		
Haley, Winfrey & Deppe	Dallas, TX	Peat Marwick Mitchell & Co.	Round Rock, TX		
Hall Real Estate Group	Vienna, VA	Peat Marwick Mitchell & Co.	Houston, TX		
Halliburton Company	Dallas, TX	Peat Marwick Mitchell & Co.	Dallas, TX		
Harold Calhoun & Associates	Richardson, TX	Pena Swayze and Company	Houston, TX		
Haywood and Bates, Inc.	Richardson, TX	Petrocorp Incorporated	Houston, TX		
Hoffman Pederson & McBryde, PC.	Dallas, TX	Petroleum Accountants Society	Dallas, TX		
Hotel Dieu Medical Center	El Paso, TX	Planning Executives Institute	Houston, TX		
Houston Institute of Real Estate	Houston, TX	**Plenary Systems, Inc.	Dallas, TX		
Houston Society of Chinese Amer. CPAs	Houston, TX	Professional Insurance Agents of Texas	Austin, TX		
		Professional Management Associates	Fort Worth, TX		
		Ray & Company, PC	Abilene, TX		
		Risk & Insurance Management Society, Inc.	New York, NY		
		Robert Yeager & Company	Dallas, TX		

ENFORCEMENT

WHEN A COMPLAINT IS FILED . . . THIS IS WHAT HAPPENS

The Enforcement Division is charged with the responsibility to reply to any and all complaints received by the Board which involve possible violations of the Public Accountancy Act of 1979, as amended, (V.A.T.S. 41a-1, 1981; the Act), and the Rules of Professional Conduct, as amended November 17, 1982 (the Rules).

Since a complaint may lead to serious disciplinary action, basic procedural due process rights are observed to protect all parties. Upon request, a letter of instruction will be sent to anyone desiring to file a complaint. The letter aids the Complainant in putting together the basis of the complaint. Included in the instruction is an explanation of the provisions of Section 25 of the Act, which provides for access by the Respondent in a complaint to all material gathered or received by the Board in processing the complaint.

In view of this provision, the potential Complainant is advised of the procedure for filing an anonymous complaint and the resulting limitation on further participation by the Complainant. Should a Complainant request that his name not be used in the complaint, the request will be honored; however, the Complainant's letter must be retained in the file and upon request the Respondent shall be permitted to review the entire contents of the complaint file, including the original letter. Once a complaint has been received, the individual against whom the complaint is made is provided a copy of the complaint by certified mail and requested to respond within (30) days to the allegations of the complaint (see Section 501.48 of the Rules). Providing the complaint letter to the Respondent fulfills the due process requirement of confirmation. Upon receipt of the Respondent's reply, which remains confidential (see Section 25 of the Act), both the complaint and reply are referred to either one of two review committees of the Board as appropriate: the Enforcement Committee or the Technical Standards Review Committee.

These committees review the evidence and recommend action to the full Board. Among the possible recommendations are dismissal, further investigation, other staff action, scheduling of an informal conference, or panel hearings. All recommendations are voted on by the full Board.

The participation of licensees in the complaint program has on many occasions precluded more serious violations of the Act and Rules by fellow licensees for which suspension or revocation may have been imposed. The Enforcement Division staff is ready to answer questions as to the filing of complaints or the enforcement procedure. Staff presentations on enforcement procedures are available subject to funds and time limitations.

REINSTATEMENTS: None

DISCIPLINARY ACTIONS

Respondent: Unnamed by Board Order

Date of Committee Recommendation: April 25, 1984

Committee Recommendation: The committee found Respondent had made a mailing of advertising material which contained a personalized interior salutation (Dear Randy and Pat), and a personalized interior address of the intended recipient (Mr. and Mrs. XX Doe, c/o the 22 Business, 1111 Main, Any Town, Texas). The committee found this to be an uninvited solicitation which is in violation of Section 501.43 of the Rules of Professional Conduct, as amended November 17, 1982. Respondent agreed to private reprimand without publishing of the name. The Consent Order was ratified by the Board on July 31, 1984.

Respondent: Unnamed by Board Order

Date of Committee Recommendation: April 25, 1984

Committee Recommendation: The committee considered the Respondent's action in attesting to the financial statements of an undisclosed entity without conducting an audit to not be in compliance with SAARS 1, and in violation of Section 501.23 of the Rules of Professional Conduct. The Respondent agreed to a private reprimand to be printed without name in the TEXAS STATE BOARD REPORT. The Board ratified the Agreed Consent Order on July 31, 1984.

Respondent: Unnamed by Board Order

Informal Conference: February 23, 1984

Committee Recommendation: The committee found that the Respondent solicited Complainant's clients of former firm after separating, by unsolicited private communication (utilizing personalized internal address and salutation) in violation of Section 501.43 of the Rules of Professional Conduct. The Respondent agreed to a private reprimand to be printed without name in the TEXAS STATE BOARD REPORT. The Board ratified the Agreed Consent Order on July 31, 1984.

ENFORCEMENT ACTIVITY

May 1, 1984 - July 31, 1984

Active Files	Rules	Act	Total
May 1, 1984	163	271	434
Files opened during period	+53	+49	+102
	216	320	536
Files closed during period*	-12	-54	-66
July 31, 1984	204	266	470

*47 via voluntary compliance, 4 via Board action, and 15 otherwise (unlicensed individuals who have ceased doing business, cannot be located, or died)

QUESTIONS AND ANSWERS

- Q. How is service of a Notice of Hearing accomplished?
- A. Under the substantive rules, service may be made personally, or by certified mail to the last known address on record at the Board (Section 22(b)(1) Public Accountancy Act of 1979, as amended (V.A.T.S. 41a-1, 1981). FOR YOUR PROTECTION UPDATE YOUR ADDRESS PROMPTLY.

- Q. Do the Rules of Professional Conduct apply to a CPA not involved in public practice?
- A. Sec. 501.11-Independence; Sec. 501.12-Integrity and Objectivity; Sec. 501.25-Continuing Professional Education; Sec. 501.31-Confidential Client Information; Sec. 501.41-Discreditable Acts; Sec. 501.43-Acting Through Others; and Sec. 501.48 shall apply to and be required to be observed by licensees not in public practice. (Paragraph III, Applicability, Rules of Professional Conduct, as amended, November 17, 1982).

- Q. Where may one find the Rules of Professional Conduct?
- A. The current set of Rules of Professional Conduct is contained in a white pamphlet with green print, and became effective November 17, 1982. The Rules are also printed in the front of the 1983 Directory of Licensees, or a copy may be obtained from the Enforcement Division at the Board address.

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