



TEXAS STATE BOARD REPORT

JANUARY, 1988 AUSTIN, TEXAS VOL. 29

The Board Staff Works for YOU

The staff of the Texas State Board of Public Accountancy consists of 34 employees, as authorized by the 70th Legislature for the 1988-89 biennium; occasional temporary employees are hired as necessary, mostly in the Examination/Licensing/Continuing Education Divisions during peak periods.

The Board is composed of seven divisions: Accounting, Administration, Data Processing, Enforcement, Examination, Licensing, and Continuing Education. Extensive interaction occurs between the divisions, and many of the staff's efforts involve more than one division.

The **EXECUTIVE BRANCH** of the Administrative Division is composed of Bob E. Bradley, the executive director; his assistant, Erin Ediger, who is the editor of the *Texas State Board Report* and coordinator of the semi-annual swearing-in ceremony; and an administrative assistant, Anne Womble.

The executive director reports directly to the Board, and is responsible for overseeing all the Board's operations. This branch is in charge of coordinating meetings, filing meeting notices, and producing Board meeting agendums. The staff coordinates the Executive and Long-range Planning Committee activities.

The **ADMINISTRATIVE DIVISION** is responsible for processing incoming and outgoing mail, depositing revenue brought in by license and examination fees, personnel matters, purchasing, telecommunications, and records management; it is also the liaison between the Board and the building management company. The division consists of Jerilyn Bradley, coordinator; Karen Caldwell, receptionist; Lynda Jowers, mail room supervisor; Thierry de Roch, mail room clerk; and Victor Falcon, revenue control clerk.

The **ACCOUNTING DIVISION** is composed of a chief accountant, John Casey, who is also a certified public accountant, and staff accountant Karleta Genzer. The division is responsible for all financial activities of the Board and prepares all related reports and other documentation. In addition, the chief accountant acts as a technical resource for the Technical Standards Review Committee. The Accounting Division was established in 1985, when for the first time in its history, the Board actually had a certified public accountant on staff.

The **DATA PROCESSING DIVISION** consists of seven people: Patricia Stage, coordinator; Lewis Smalley, systems analyst; Kathy

Wells, programmer; Karen Davis, programmer/analyst; Nick Hoover, operations supervisor; and Margaret Taylor and Cheryl Teseny, key entry operators. It acts in a support function, serving all other divisions' data processing needs. The Board's licensing and examination files were first computerized in 1980, and since then, the division has grown from two employees and two systems to seven employees and over 15 systems. Its operations are a vital link between all other divisions. The computer system is a TI 990/12; the Board received authorization by the Legislature to purchase a new computer system during FY89.

The **ENFORCEMENT DIVISION** came into existence in 1980 with only one employee, an attorney, and has grown to a staff of six: William Sansing, coordinator; Cynthia Hairgrove, staff attorney; David Eakin, investigator/attorney; Kay Jackson and Barbara Waldrop, clerks; and Letty Callaway, administrative assistant.

Among the functions of the division are processing complaints against licensees and non-licensed

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FUTURE MEETINGS

TEXAS STATE BOARD OF PUBLIC ACCOUNTANCY

January 28-29, 1988
February 25-26, 1988
March 31-April 1, 1988
April 28-29, 1988
May 13-14, 1988

COMMITTEE MEETINGS

Committee meetings are held at the call of the committee chairmen. Notices are published in the *Texas Register*.

CPA SWEARING-IN CEREMONIES

May 14, 1988
November 19, 1988

*Board Staff**continued from page 1*

individuals, filing substantive rules with the Secretary of State, preparing hearing and informal conference notices, and performing administrative functions associated with hearings and informal conferences. In addition, the coordinator advises the executive director, staff, and Board members on matters of law pertaining to the Board. The Enforcement and Technical Standards Review Committees fall under this division's scope of duties.

Six employees in the **EXAMINATION DIVISION** are responsible for reviewing and processing all applications for the Uniform CPA Examination, which is conducted twice a year at seven sites around the state. The division's advance preparation for the exam includes checking out and booking the exam

sites. The staff is composed of Donna Meredith, coordinator, and clerks Margie Luna, Sharon Backus, Sandra Tillis, and Nora Swaim, the latter two being responsible for answering all incoming telephone calls regarding examination, licensing, and continuing education matters. A vacancy exists for the position of administrative assistant. The Examination Committee is coordinated by this division.

The **LICENSING** staff consists of three employees: Jean Keith, coordinator; Jean Ickes, administrative assistant; and Margaret Wood, senior clerk. The responsibilities of the division include reviewing and processing all applications for issuance of CPA certificates and renewal of CPA and public accountant licenses. In addition, it processes applications and renewals for reciprocal certificates, partnerships and professional corporation regis-

trations, and related activities. The division coordinates the Entry and Reentry Screening Committee.

CONTINUING EDUCATION became a separate division on September 1, 1987, with Elsie Hodges as coordinator and Evelyn Osuna as secretary. The division maintains records of registered sponsors of continuing education courses and verifies that all licensees have earned and reported the minimum required number of continuing education hours. The division coordinates the Continuing Education Committee.

The Board's staff is happy to assist callers on matters dealing with licensing, examination, enforcement, *The Rules of Professional Conduct* and other substantive rules, *The Public Accountancy Act of 1979*, etc. Telephone numbers are found on page 8 in each issue of the *Texas State Board Report*. □

Self-Study Critical to Exam Success

Marcus W. Dunn, Ph.D., CPA
Thomas W. Hall, Ph.D., CPA
University of Texas – Arlington

The Texas State Board of Public Accountancy (the Board) has distributed to Texas colleges and universities (schools) a report entitled *A Comparison of Candidate Characteristics and Unadjusted and Adjusted Performance Measures for Selected Texas Schools*. This report contains information regarding candidate characteristics, pass-rates, and grades for the 36 largest Texas schools, plus out-of-state candidates for the period 1981-1983 (six examinations), and encompasses approximately 97 percent of all undergraduate candidates sitting in Texas during this period. Unique to this report are:

- (1) information about the characteristics and performance of first-time candidates sitting for all four examination parts, and
- (2) school pass-rates and grades which have been ad-

justed for differences in important candidate characteristics (a standardized measure of a school's effectiveness in providing its students with the common body of accounting knowledge tested on the examination).

The information contained in this report should be especially useful to individuals involved in college recruiting. A copy of the complete report may be obtained by writing Bob E. Bradley at the Board office.

Table 1 (extracted from *Tables 4* and *5* of the complete report) presents overall examination pass-rates and significant candidate characteristics of first-time candidates sitting for all four parts of the examination and all candidates (both first-time and repeaters) for the twenty Texas schools which had at least thirty first-time undergraduate candidates sitting for all

four parts during 1981-1983 (after data completeness screens, such as the reporting of SAT scores). The candidate characteristics presented—self-study hours, SAT scores, undergraduate accounting grade-point average, and undergraduate accounting hours—are known to be significantly and positively associated with examination performance.

A comparison and evaluation of the pass-rates and characteristics of first-time and all candidates for each individual school indicates that:

- (1) The pass-rates for all candidates are higher than the pass-rates for first-time candidates at sixteen schools; many of the differences are substantial. The four schools with the highest first-time pass rates experienced a slight decrease from first-time to all (they still retained their top pass-rate position).

- (2) All but one school (the one with the highest first-time pass rate) experienced increases in per part self-study hours from first-time to all candidates; many of the increases are substantial.

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Table 1

Comparison of Pass Rates and Characteristics of First-Time and All Undergraduate Candidates From 20 Texas Schools: 1981-1983 CPA Exams

SCHOOL	QUARTILE ¹	OVERALL PASS RATE		SELF-STUDY HOURS PER PART SAT		SCHOLASTIC APTITUDE TEST SCORE		UNDERGRADUATE ACCOUNTING GPA		UNDERGRADUATE ACCOUNTING HOURS	
		FIRST-TIME	ALL	FIRST-TIME	ALL	FIRST-TIME	ALL	FIRST-TIME	ALL	FIRST-TIME	ALL
Abilene Christian	Fourth	13.2	21.6	19.6	26.4	1,014	1,038	3.3	3.4	33.5	33.2
Baylor	First	38.6	35.8	38.6	39.1	1,091	1,063	3.2	3.1	31.1	30.1
Lamar University	Second	24.6	31.0	39.0	49.2	1,040	1,020	3.1	3.1	30.0	30.3
Midwestern State	Third	17.2	23.6	22.8	30.2	967	995	3.1	3.1	30.7	30.5
North Texas State	Second	19.4	29.1	39.7	45.5	1,010	1,018	3.1	3.1	27.9	28.4
Sam Houston State	Third	14.1	20.7	29.3	36.3	971	989	3.2	3.2	32.8	32.0
Southern Methodist	First	30.2	35.8	33.1	46.0	1,141	1,111	3.4	3.2	31.6	30.9
Southwest Texas State	Third	18.5	27.1	36.4	40.9	984	971	3.3	3.2	28.5	27.3
Stephen F. Austin	Fourth	10.8	26.4	29.5	40.8	981	981	3.1	3.0	30.9	31.0
Tarleton State	Fourth	2.4	14.2	19.1	29.1	955	980	3.2	3.4	33.0	32.4
Texas A & M	Third	18.4	29.1	27.5	36.4	1,071	1,062	3.1	3.0	31.1	30.6
Texas Tech	Second	23.7	29.0	27.2	33.9	1,053	1,055	3.2	3.1	30.5	30.0
U. of Houston—University Park	Second	19.4	28.7	35.7	46.4	1,047	1,038	3.1	3.1	28.1	27.4
U. of Houston—Clear Lake	Fourth	13.6	26.4	17.5	31.0	1,068	1,054	3.5	3.5	31.0	31.4
U. of Texas—Arlington	First	39.3	37.6	41.7	41.7	1,053	1,035	3.1	3.0	29.6	29.1
U. of Texas—Austin	First	34.9	34.5	36.3	40.2	1,075	1,064	2.9	2.8	29.1	28.9
U. of Texas—Dallas	First	33.6	30.9	44.5	44.6	1,078	1,018	3.3	3.1	29.1	28.6
U. of Texas—El Paso	Fourth	13.4	19.7	27.1	37.3	977	939	3.0	3.1	30.2	29.7
U. of Texas—San Antonio	Third	13.7	25.0	28.0	36.0	1,006	979	3.2	3.2	30.5	29.6
West Texas State	Second	21.7	23.5	29.9	30.1	969	983	3.2	3.2	30.3	31.8
Total/Averages		25.8	29.9	34.5	39.7	1,049	1,036	3.1	3.1	30.3	29.9

¹Based on first-time candidates' pass rates.

Table 2

Percentage Change by Quartile Between First-Time and All Candidates for Overall Pass Rate and Candidate Characteristics

QUARTILE	OVERALL PASS RATE			Change In Candidate Characteristics			
	FIRST-TIME	ALL	% CHANGE	SELF-STUDY HOURS PER PART WRITTEN % CHANGE	SAT SCORE % CHANGE	GPA % CHANGE	UNDERGRADUATE ACCOUNTING HOURS % CHANGE
First	35.3	34.9	- 1	+ 9	- 3	- 5	- 2
Second	21.8	28.3	+ 30	+ 20	0	- 1	+ 1
Third	16.4	25.1	+ 53	+ 25	0	- 1	- 2
Fourth	10.7	21.6	+ 102	+ 46	0	- 1	- 1

(3) There is little difference at most schools in SAT scores, grade-point average, and accounting hours between first-time and all candidates.

The comparisons suggest that self-study is the critical factor in the pass-rate improvement between

first-time and all candidates. In order to highlight self-study's important role in this improvement, schools were grouped into quartiles of five schools, each based on their first-time pass rates (a school's quartile is indicated in *Table 1*). For each quartile for both first-time and

all candidate groups, the average pass-rate, self-study hours, SAT score, GPA and accounting hours were computed. Then the percentage change from first-time to all was calculated for pass-rates and characteristics. *Table 2* summarizes, by quartile, percentage change

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ENFORCEMENT ACTIONS

DISCIPLINARY ACTIONS

Complaint No.: 87-01-03L
Complaint No.: 87-01-04L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 11/20/87
Committee Recommendation: Following an informal conference, the respondent was reprimanded based upon violations of Section 501.21 of *The Rules of Professional Conduct (The Rules)*.

Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 11/20/87
Committee Recommendation: Following an informal conference, the respondent was reprimanded based upon violations of Section 501.22 of *The Rules*.

Complaint No.: 84-06-13L
Complaint No.: 87-01-02L
Complaint No.: 84-03-08L
Respondent: Edwin L. Miller
Date of Ratification of Proposal For Decision: 1/29/88
Committee Recommendation: Following a public hearing before a hearings officer, the respondent's certificate and license were revoked based upon a violation of Section 8(3)

ENFORCEMENT ACTIVITY

August 1, 1987–December 1, 1987

	Rules	Act	Total
Active files March 1, 1987	2,134	155	2,289
Files opened during period	123	45	168
Files closed during period	1,781	135	1,916*
TOTAL	476	65	541

*1,394 were closed via voluntary compliance, 358 via Board action, and 164 otherwise (including unlicensed individuals who have ceased doing business, died, or who cannot be located). □

of *The Act* and Sections 501.21, 501.32(a), 501.48 of *The Rules*.

Complaint No.: 87-07-22L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 1/29/88
Committee Recommendation: Following the Enforcement Committee recommendation that the Board seek an agreed consent order, the respondent was reprimanded, based upon a violation of Section 501.41 of *The Rules*.

Complaint No.: 86-11-13L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 1/29/88
Committee Recommendation: Following an informal conference, the respondent was reprimanded based upon a violation of Sections 501.21 and 501.23 of *The Rules*.

Complaint No.: 86-03-07L
Complaint No.: 86-03-08L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 1/29/88
Committee Recommendation: Following an informal conference, the respondents were reprimanded based upon a violation of Sections 501.32 and 501.23 of *The Rules*.

Complaint No.: 87-03-03L
Complaint No.: 87-03-05L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 1/29/88
Committee Recommendation: Following an informal conference, the respondents were reprimanded based upon a violation of Section 501.21 and 501.22 of *The Rules*.

Complaint No.: 86-10-18L
Respondent: Unnamed
Date of Ratification of Proposed Consent Order: 1/29/88
Committee Recommendation: Following an informal conference, the respondents were reprimanded based upon a violation of Section 501.21 and 501.22 of *The Rules*. In addition, the respondent must resign from his current school district audit engagement and is prohibited from accepting further school district audit engagements until competency is demonstrated to the Board by the submission of the following within twenty (20) days: a compilation report, a review report, and an audit report (other than on his current engage-

ment). The respondent is also required to complete a three semester-hour university auditing course.

ADMINISTRATIVE ACTIONS

Respondents: Three-year non-payees of license fees (see below)
Date of Board Ratification: 1/29/88
Recommendation: The hearings officer found that the respondents had failed for three consecutive years to renew their licenses and, as such, had violated Section 21(b)(9) of *The Act*. It was recommended that the certificates/registrations of the respondents be administratively revoked. The Board ratified this recommendation on January 29, 1988.

Abba, Kathleen Marie
 Adams, Barbara L.
 Adams, Thomas C. Jr.
 Adler, S. Thomas
 Ainsworth, Houston H.
 Akbar, Mohamed O.
 Akuchie, Callistrus Araraonwu
 Albrecht, Sandra Lee
 Alexander, Harry G.
 Alfeld, Richard Garnet
 Allen, D'Arcy Gayle
 Andersen, Jeffrey J.
 Anderson, Arnold R.
 Anderson, Buster
 Anderson, Ralph W.
 Arata, Peter
 Armour, John Ray
 Armstrong, Gary Wayne
 Atwood, E. Barrett Jr.
 Austin, Hoy M.
 Auton, Robin Leigh Hall
 Bailes, Porter M. III
 Baker, Rod L.
 Ball, John T.
 Ballard, Vernon E.
 Barron, Gregory Barlow
 Bean, G.D.
 Beaumont, Timothy Stewart
 Beaupre, James Lee
 Beavers, Richard A.
 Beck, Kenneth B.
 Beckcom, Weldon
 Beebe, Richard Warren
 Benn, W. Douglas
 Black, Saleem Mansour
 Blue, Lori Beth
 Bowen, Walter C.
 Brearton, Robert D.
 Briggs, Donald Malcom
 Brinkman, Ray N.
 Brodie, Robert Allen
 Brooke, Lawrence Sumner
 Brown, William L.
 Bruner, Elbert C. Jr.

Brunson Garry Hunt
Bullion, Gail Grogan
Burke, Harold L.
Burkhardt, James Angelo
Bush, H. Michael
Butler, William O.
Caballero, George L.
Carpenter, Ernest W.
Carroll, William Bernard Jr.
Carruba, Frank C.
Carter, William L.
Case, Teresa Gayle
Casey, Jessie P.
Champagne, Andrea K.
Chand, Rajendra Kumar
Chen, Jiann-Dong
Chen, Kuohsiung
Cherry, Dale R.
Ciulla, Robert Alan
Clapp, A.E.
Clemonds, Curtis A.
Clemons, Donald A.
Cludius, Roberta Sue
Collins, Carol Taylor
Collins, Robert James Readman
Concannon, Brenda S.
Conner, Lewis W.
Cooper, Thomas S.
Corbett, Charles Dewayne
Corbett, James Paul
Cordon, Ricardo
Cornwell, Douglas S.
Cox, Beth A.
Cromwell Donald L.
Cunningham, Robert Arthur
Cunningham, Thomas M. Jr.
Dale, Robert E.
Dauterive, Patrick John
Davey, F. Bruce
Day, Terry Douglas
Degelleke, Frances Raber
Delatour, Ann Hoffman
Deyon, Joyce Ann
Dietz, Anne C.
Doggett, J.G.
Doran, Mark Richard
Dunagan, Carl B.
Duncan, Jackie J.
Durham, Francis Lee
Dwyer, William Alexander
Eatman, Harold J.
Edwards, Gergory S.
Elliott, William M. Jr.
Englund, Gene H.
Fennewald, Daniel Joseph
Ferguson, Edward T.
Fetherolf, George L. III
Finch, Fred M.
Finn, Patrick Brian
Fish, Steve H.
Foss, John Craig

Fox, Frederick R.
Frazier, Gregory S.
Freeman, Robert R.
Fulcher, Joseph R.G.
Gabler, George McClelland
Gaddis, William T.
Gage, Thomas Franklin
Galati, Roxane Kronon
Gallagher, James A.
Galloway, David Miles
Garrett, Kenneth C.
Geasland, Sandy Taylor
Gerber, Daniel Lee
Gibson, Daniel Loving
Gilbert, Charles Arthur
Gilbert, Tony F.
Gilroy, Keith S.
Glenn, Colbert H.
Golusin, Alvert A.
Goodman, James F.
Graham, James Kim
Graumann, Stephen R.
Gray, James W.
Green, Brian Patrick
Griffiths, Keith R.
Grimes, Edwin F.
Gross, Charles E. III
Hackworth, Wilson B.
Haffner, Joseph M.
Hall, Donna Bell
Hall, J. Clifford
Hamilton, George E.
Harris, Wilson James
Hartzell, William Lee
Harvey, Edward L.
Hash, Jerrel C.
Heglund, Catherine L.
Hendrickson, Mary Kay
Henry, Jeffery C.
Hildrebrand, Hugo H.
Hobbs, John Andres
Holaly, Lawrence C.
Homrich, Diane Marie
Houck, Billy J.
Hourihan, Katherine E.
Hurty, Charles A.
Ichen, John R.
Irwin, Charles Alton Jr.
Ize-lyamu Godwin Osaryumwense
Jennings, David Martin
Johnson, Gary L.
Johnson, Larry Lee
Johnson, Raymond Jr.
Johnson, Van
Jolly, Jefferson Allen
Jolly, Ralph M.
Kaczynski, David K.
Kelley, Milford R.
Kellogg, Branton H.
Kelly, William A. Jr.
Kendall, Ben Gray

Kern, George William
Kiker, George G.
King, Carol Leigh
Kionka, Alan Douglas
Klein, Donald Philip
Klein, James Brooks
Klein, Mark Wolfe
Kramer, A.T.
Kubinski, Edward James
Kunz, Lawrence G.
Kutner, Robert Michael
Lambert, Laurier C.
Lang, Robert William,
Lawrimore, D.J.
Lawson, Brenda L.
Leach, Jack C.
Lee, Jonathan C.
Lee, Maximo Amor
Leebrick, Fred T.
Lehr, L.R.
Leininger, Charles William
Leonard, Michael Anthony
Lewellen, Deana Erickson
Lewis, Barry T.
Lin, Doria
Love, R. Maurice
Lynch, Ed J.
Mackey, William S. Jr.
Mangum, Jerry D.
Manley, Susan Semmes
Mannion, Thomas J.
Marshall, Gail Patricia
Martin, Hal L.
Mascarenhas, Nelson V.
Mastrodomenico, Julie
McBride, Melissa
McCandless, Paul L.
McCormick, John F. Jr.
McCouskey, Arlis N.
McKay, Ralph Hall Jr.
McMullen, Edward D.
Mercer, J. Clifton
Mickle, W.T.
Micocci, Paul Angelo
Middleton, Donald Enloe
Milols, Kathy S.
Miller, Edwin L.
Miller, Michael D.
Milley, Paul James
Mistry, Maria Smith
Moak, Kenneth E.
Montemayor, Ramon D.
Montgomery, Billy Max
Moodie, D.A.
Moon, John Henry Jr.
Moore, David Mark
Moore, Emmett Edrington
Moore, Robin Michael
Moore, Stuart
Morgan, Millard Clyde Jr.

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Enforcement

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Murphy, Rudick J.
Myatt, Alex B.
Na, Elizabeth I-Li
Nelson Joe
Neumann, Carl O.
Nokes, Vernon L.
Nouri, Deborah Goodrich
Nunnally, Lucille R.
Orenzow, Mark A.
Pace, Steven Edward
Paradis, Maurice Charles
Pardue, George Preston
Parker, John Matthew
Parker, Vaughn Alan
Parruish, Cecil M.
Parsons, E.I.
Pearson, James Harold
Petty, Claude A. III
Pittenger, Kathleen Ann
Poindexter, Noble T. Jr.
Priest, W.B.
Quinn, Patrick Desmond Jr.
Quitta, James E.
Ramirez, Juan A.
Ramsey, Roy Richard
Rayl, Lynne Homburg
Reader, William Whitney
Reagan, Jefferson D.
Renner, Robert H. Jr.
Rex, Robert Howard

Reybvurn, H.O.
Riggin, Mark Robert
Roberts, Ronnie Jay
Roche, Peter E.
Rogers, Carroll M.
Rogers, James H.
Rogers, William D.
Rooney, Robert Francis
Rostet, Wilho W.
Rowland, James E.
Rutherford, David John
Sanders, Foy S.
Schieffer, Herman Lee
Schoeler, Robert Carl
Schultz, Roger C.
Scully, Robert Michael
Seay, Joseph G.
Self, Peggy J.
Severson, Robert Shoe
Shaffer, Nancy Ellen
Shaikh, Haroon Rasheed
Shankle, Robert W.
Shields, Vivian Storer
Shook, Charles G.
Shook, John Louis Jr.
Sigl, David Gregory
Silbert, Michael
Silver, Stephen E.
Sims, Joseph R.
Singh, Ronald
Sio, Fernando Merto
Smith, Clyde Willard
Smith, John Britt
Smith, Mary Beth
Smith, Michael Steven
Smith, Nead Chester Jr.
Sneed, Florence R.
Sneed, Reba McFarland
Snelson, Dorothy B.
Snyder, James Michael
Southworth, Francis Good
Staber, Frankie
Stahler, Patricia Tighe
Stahler, Robert Harry Jr.
Steffensmeier, Carol Sue
Stein, Charles Marvin
Stern, Maurice W.
Stokes, David Finch
Strong, Gregory I.
Taylor, Clyde H.
Terry, Nelson E.
Thompson, Charles B.
Tidd, Clifton Eugene
Timberlake, Bradley Don
Tlapek, Janet
Todd, Bob L.
Tortorici, Rosemary
Tseng, Chiu-Chiung Hsu
Tucker, Francis E.
Tumlinson, Samuel H.
Turocy, Joseph Jr.

Ussery, Stephen Charles
Van Dyke, J.R.
Van Grevenhof, James D.
Vanderrift, Richard William
Venable, Ronald Gene
Vogelbaum, Ellen Kay
Vogler, Joe Steven
Vogt, Jerry A.
Volpe, Sharon D.
Wagner, John M.
Waidelich, Janet Elaine
Waltko, Dennis R.
Waltman, Deane Johnston
Walvoord, William G.
Watson, George E.
Webb, James L.
Weiland, Steven L.
West, C.L.
White, George H.
White, Ralph Louis
White, Wilbur Allen Jr.
Widup, Judith M.
Wilkinson, Robert B.
Williams, Billy W.
Williams, Drake A.
Williams, John Brooks
Williams, Russell Robert
Williams, Susie Louise
Willingham, John Lawrence
Wilson, Richard G. Jr.
Wilton, William T.
Wimmer, Jay Stephen
Winburn, Frank H.
Yeakel, Judy Elizabeth Zeigler
Yeary, Ed Newton
Ziegler, Delwyn Jerome

The Constructive Enforcement Committee volunteers have been assigned 775 cases to investigate. The cases are separated into three categories:

Section 8 complaints involving non-licensed individuals and firms holding out to the public without meeting the statutory requirements.

Board order follow-up cases involving individuals and firms who licenses or registrations have been cancelled, suspended, or revoked.

Audits of CPE sponsors cases which are investigated to insure that the terms of the sponsor agreement and the Board's Substantive Rule 523.73, Obligations of the Sponsor, are being met.

Of the 775 cases, 163 are audits of sponsors, 559 are Board order follow-up and 53 are Section 8 complaints. □

CONTINUING EDUCATION DISCIPLINARY ACTIONS

Respondents: See below

Date of Ratification of Panel Report:
1/29/88

Panel Recommendation: Following a panel hearing on October 23, 1987, the panel found that the respondents had failed to obtain the mandatory continuing education hours for the 1987 licensing year and/or failed to properly report practice status. On January 29, 1988, the Board ratified the panel's recommendation that the licenses of the respondents named below be suspended for five years or until in compliance with continuing education requirements.

Adley, Henry L.
Paris, Gary F.
Reynolds, Luther W.

In addition, eight (8) complaints were closed with reprimands for either failure to comply with continuing education requirements or for improper completion of the license notice. □

Questions & Answers

Q. I understand that a professional corporation composed of one or more attorneys may become a partner in a partnership engaged in the practice of law. Can a professional corporation of one or more CPAs become a partner in a partnership engaged in the practice of public accounting?

A. Both shareholders of a professional corporation and partners of a partnership must be certified public accountants under *The Public Accountancy Act of 1979, as amended (The Act)*. Professional corporations and partnerships are holders of licenses only; thus a professional corporation MAY NOT become a partner in a partnership engaged in the practice of public accounting. (**NOTE:** This section was included in a bill amending *The Act* during the last session of the Legislature, but the bill did not pass).

Q. May a new professional corporation commence the practice of public accounting upon issuance of the corporate charter by the Office of the Secretary of State?

A. To legally commence the practice of public accounting, the firm (i.e., professional corporation or partnership) must first register with the Texas State Board of Public Accountancy (the Board) and obtain a license. To commence practice before registering and obtaining a license is a violation of Section 8 of *The Act*.

Q. May a professional corporation continue to operate with the same name after the withdrawal or death of the shareholder for whom the corporation is named (i.e., J. Smith, P.C.)?

A. The incorporation process establishes a continuing legal entity which does not require the continued existence of the shareholder for whom the corporation was named. A change, if any, in the name of the corporation would require charter amendment, registration, and license of the new firm with the Board. The Board does *not*, though, require a name change.

Q. What were the changes made in the area of solicitation in the recent revision of *The Rules of Professional Conduct (The Rules)*?

A. The three basic areas of permissible solicitation remain unchanged, as does the burden on the soliciting certificate or registration holder of ascertaining and proving that the solicitation meets one of the permissible areas. Frequently, solicitation and advertising are viewed as one and the same.

While a proper advertisement (i.e., truthful, not misleading or deceptive in content) may well be a "solicitation" of business, if such advertisement is generic in form and contains no personal salutations or message, it is not in violation of *The Rules*.

Q. What is the result of a certificate or registration holder not accepting delivery of certified mail from the Board in disciplinary matters?

A. The Board's rules provide for notification of a disciplinary hearing to be accomplished by certified mail to the respondent, certificate, or registration holder's last known address as reflected in the Board's records. Once the notification has been so mailed, the proceeding may be held even if the respondent has not replied or does not attend. In some recent cases, this has led to the suspension or revocation of certificates. While *The Act* does provide for reopening the complaint under certain conditions,

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MAY 1988 EXAMINATION SCHEDULE

The May, 1988, Uniform CPA Examination will be conducted at the following locations and times:

EXAMINATION SITES

Austin	Lester E. Palmer Auditorium
El Paso	UTEP Special Events Center
Fort Worth	Tarrant County Convention Center
Houston	George R. Brown Convention Center
Lubbock	Lubbock Civic Center
San Antonio	San Antonio Convention Center

EXAMINATION TIMES

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

The deadline for submitting applications for the May, 1988 examination is February 29, 1988. The scores from the November, 1987, examination were mailed February 1, 1988. □

Questions & Answers
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the respondent is first required to show good cause why the case should be reopened.

Q. When a client moves his business from one certificate or registration holder to another, what records is the previously employed certificate or registration holder required to provide to the person who acquires the client's business?

A. Upon written request, without regard to any outstanding fees, a certificate or registration holder is required to provide client records within a reasona-

ble time. Client records include all original documents delivered by the client and any working papers which have been used in the work product in such a way as to become an integral part of the client's records. While working papers are the property of the entity which developed them, the exception applies to any working papers which explain an otherwise indiscernible figure. For example, adjusted journal entries and depreciation schedules must be provided to the client in order for the client to determine how the work product was calculated. □

Self-Study
continued from page 3

between first-time and all candidates for overall pass-rate and candidate characteristics. Except for self-study hours, there is little difference in the average characteristics of first-time and all candidates, regardless of quartile. For self-study hours, the increases from first-time to all candidates are dramatic for quartiles two, three, and four, and parallel the increases in overall pass-rates for these quartiles. On the other hand, the schools in the first quartile (already at the top in terms of pass-rates and self-study) experienced relatively little change in pass-rates and self-study hours.

The information presented in *Tables 1* and *2* suggests that candidates at many Texas schools, underestimating the rigor of the ex-

amination, inadequately prepare for it, and therefore fail it. As a result of their first-time failure, serious candidates significantly increase their exam preparation and therefore do considerably better on subsequent examinations. Thus, the comparisons demonstrate the critical importance of self-study to examination success. As a CPA candidate's most important controllable variable, it is unfortunate that many candidates have to experience examination failure before they are willing to put forth sufficient effort to succeed.

These results indicate the need for additional counseling of prospective CPA candidates regarding the critical importance of and need for significant additional preparation beyond their accounting coursework. Such counseling is in both the candidates' and public's interest. □

TEXAS STATE BOARD REPORT

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